



## **Trust Advisory is Back!**

**October 14 — 16, 2010**

**Hilton Waterfront Beach Resort  
Huntington Beach, CA**

[www.waterfrontresort.com](http://www.waterfrontresort.com)

Mark your calendars for Trust Advisory Council (TAC) which will be held October 14-16, 2010 in Huntington Beach, CA. More information, including the formal agenda, will follow. We are announcing this early to ensure a great turnout.

Here is a little more information for those of you who have never attended a TAC. This is a client-specific event. It is a unique opportunity for clients and prospective clients who have responsibility or involvement in managing and insuring fiduciary property. You can network and discuss the nuances of Master Trust Programs, supporting systems and related services with your peers. The Event includes relevant speakers and underwriters.

Most of the ten previous events have been held in the Southern California which enables most if not all of SES' staff to participate at one time or another during the event.

Plans are underway, so mark your calendars and we'll see you there! SES is going green. All updates for Trust Advisory Council 2010 will be sent by e-mail. If you have any questions, please contact Patty Kobzi at (800)955-4737.



## **California Wildfires**

*As of September 14, 2009* - Between the dates of August 25th and September 14th, a total of twenty fires burned in California. All but two of the fires are 100% contained. The Station Fire, the largest of California's wildfires, has grown to 161,000 acres -- just over 250 square miles -- and is



now 87% contained. The fire is fueled by dense brush which has not seen any significant burn for forty years. Dozens of structures were also burned in this fire. SES Master Trust Portfolio is relatively unaffected to date. Full containment of the Station Fire is expected before the end of the month.

Government agencies have put up a total of \$150,000 in reward money for information that will lead to the arrest of the individual(s) responsible for this fire and the loss of two firefighters.

### ***In This Issue***

<b><i>Trust Advisory is Back</i></b>	<b><i>FP</i></b>
<b><i>California Wildfires</i></b>	<b><i>FP</i></b>
<b><i>Challenges for Financial Institutions— Vacant Properties</i></b>	<b><i>2</i></b>
<b><i>Recent TIMS® Enhancements</i></b>	<b><i>3</i></b>
<b><i>Speaking of Success</i></b>	<b><i>3</i></b>
<b><i>SES Abbreviated Phone Directory</i></b>	<b><i>BP</i></b>
<b><i>SES Insurance Helpdesk Information</i></b>	<b><i>BP</i></b>

## ***Challenges for Financial Institutions. . . Vacant Properties***

The current economy and the state of the real estate market have created challenging situations for financial institutions that manage real estate-related products, including trust real estate assets.

Obviously, the fiduciary responsibility associated with trust real estate assets varies by the account type/relationship. But these times do complicate matters and the challenge grows when considering vacant properties. A record number of homes are vacant, with commercial properties not far behind, which necessitates a proactive approach to managing these properties.

Most, if not all, fiduciaries have inspection processes in place. The current environment requires that inspection processes be expanded to consider risk management elements. As properties are inspected, it is important to identify potential exposures, assess them and to take appropriate action to control or mitigate risk. Failure to do so increases the threat of litigation, the risk of harm or damage, and potential for property asset devaluation.

Insurance coverage is heavily impacted by the growing number of vacant properties. Most policies state that a property is considered vacant after 60 consecutive days. Coverage in a standard policy may cease to exist or may be impaired as a result of the vacancy (see individual policies for specific wording).

Master Trust policy underwriters have traditionally recognized that locations may become vacant due to a death or impending sale or distribution and therefore vacancy clauses have been waived. It is important to have the coverage available under the Master Trust policies, but it is imperative that we understand the potential impact. If vacant properties are placed under the Master Policy, but not properly managed, there may be consequences that affect us all.

Let's consider how the insurance product is assessed. An insurance company looks at a loss ratio as an indication of profitability. They can evaluate the loss ratio at a client level and/or at a product (Master Trust) level. The loss ratio is defined as incurred claims (paid and reserved for payment) divided by earned premiums. So, if an insured had \$25,000 in losses in a given policy year and that insured paid \$100,000 in premiums that same year, the loss ratio is 25%. If an insured had \$100,000 in losses in a given policy year and the insured paid \$100,000 in premiums that same year, the loss ratio is 100% and that's not good. In the latter scenario, the insurance company would not have made one cent in profit nor would they have made enough money to pay off related overhead. Lower loss ratios would translate to longevity of the Program and mitigated impact to premiums and change in coverage, assuming no other issues.

Proactive measures for vacant locations include:

- Managing property maintenance (especially with regard to potential water damage)
- Securing the premises
- Advising local authorities of the vacancy
- Removing personal property from the premises
- Removing combustible materials from the premises
- Increasing inspection activity or hiring a guard service

Vacant properties are catching the attention of other entities as well. A growing number of cities have adopted best practices for dealing with vacant properties. While this response rose from the mortgage crisis, a vacant property is a vacant property. A report of practices adopted by some cities can be found at the following website:

<http://www.usmayors.org/vacantproperties/VacantandAbandonedProperties08.pdf>

## Recent TIMS® Enhancements

Our successful release of TIMS® 3.0 has brought rave reviews — and more ideas for enhancing TIMS®. But success means more than releasing and moving on. We are continually enhancing TIMS®. Some of the changes are not necessarily visible to users; others are in response to user feedback and preferences. The goal is to ensure that TIMS® continues to meet your business needs.

Major last quarter release include the following:

- User requested modifications that address external coverage tracking and interested parties data management and related reports.
- For those of you who have trust insurance centralized and managed by a core group, you'll be pleased to know that you can now manage your properties (assign, sort, report) by "Insurance Analyst". All reports and queries have been updated and links have been created between the properties and the assigned "analyst" for ease in navigation.

Privacy and client confidentiality are at the top of everyone's list. Several of you have inquired about the suppression of trust numbers. Trust numbers have been and continue to be a very important part of account/asset association, but we understand that this is a very sensitive piece of information. An upcoming release will suppress trust numbers so that they no longer print on evidences or invoices. You already have the option of eliminating them from reports and queries you create on line.

More information — and more enhancements — to come!

## Speaking of Success . . . . .

Our recent completion of TIMS® 3.0 provided an opportunity to gauge how we are doing with both systems and services. The survey was sent to 165 potential respondents in the months of June and July. There were a total of sixteen questions: seven inquiries pertained to service and eight addressed TIMS®. The remaining item was an opportunity to express viewpoints not necessarily addressed by the other questions. Respondents declared a grade — "poor (1)", "fair(2)", "good (3)" or "excellent (4)" — for each question. A total of 41 responded with the following results.

Customer Service	
Overall Perception of SES	3.3
Overall Communication	3.3
Turn Around & Delivery Timeframes	3.4
Accuracy	3.4
Perceived Value of Services	3.6
Customer Service	3.6
TIMS® 3.0 Training Presentation	3.2
<i>Average</i>	3.4
TIMS® System	
Overall Technology	3.2
Overall Quality of Print Output	3.3
TIMS® 3.0 Look and Feel	3.3
TIMS® 3.0 System Service Center Feature	3.3
Query & Report Enhancements	3.2
Workflow Change; Asset and Ownership Screens	3.3
Claims Screen	3.3
TIMS® Response Time & Time Out Feature	2.9
<i>Average</i>	3.2

While we are pleased with the overall results of "good", we are already responding to comments and suggestions. We are also prioritizing a number of changes to ensure support of Master Trust Programs for our Clients as well as our Carrier and Retail Broker partnerships. Individual respondents will receive a private response to their comments and suggestions.

If you wish to share your own observations with SES, please e-mail us at [info@ses-ins.com](mailto:info@ses-ins.com) or call us at (800) 955-4737.

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*\*\* Please note this is an abbreviated SES phone list .*

### Need Assistance?

#### Just ask the Help Desk if you:

- Can't remember your password?
- Need to report a new user?
- Need to report a terminated user?
- Experiencing difficulties accessing TIMS@?

Contact the Help Desk for a  
speedy response at:

[helpdesk@ses-ins.com](mailto:helpdesk@ses-ins.com)

**By phone — 800-955-4SES**

**Ask for the Help Desk**



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