



Y O R K
International
Agency, LLC

Insurance • Benefits • Risk Management

State of the Insurance Market

Presented by:
York International Agency, LLC



What Are Some of the Market Changes?



- Market Appetite
- Mold Remediation
- Flood Insurance
- Umbrella Liability
- Concierge Services
- Overview of York International



Market Appetite



- Top Tier carriers have a significant appetite and are strongly competing for the high net-worth segment of the industry
- Each carrier has positioned themselves as innovative and forward thinking with their own new and expanded products and services
- While competition is tight amongst AIG, Fireman's Fund and Chubb, several key elements of today's risks still pose an issue to insurer's, clients and brokers:
 - Restrictions on coastal properties
 - Significant rate increases in Eastern Suffolk County and Eastern Massachusetts
 - Close monitoring of claims, especially water damage claims due to mold restrictions and liability
 - Credit and predictive modeling



Mold Remediation



- Mold remediation has been a hot topic within the insurance market over the past 5 years following extensive damage as a result of EIFS siding, hurricane damage, increasing water losses and a greater understanding of the physical health risks associated with types of mold, such as black mold
- Mold has become the next lead or asbestos, requiring specially trained and licensed professionals to remediate and manage the damage
- Coverage has been limited on some standard homeowners contracts and excluded on others
- Carriers such as Allstate, Travelers, MetLife and State Farm have removed coverage with no buy-back option



Mold Remediation (continued)



- Fireman's Fund and Chubb have reduced coverage to \$20,000 on all homeowners policies in CT, with the option to buy back higher coverage limits. The buy back price varies by carrier. In CT, the standard price for 100% remediation through Fireman's Fund is \$350, but \$1,000 with Chubb
- AIG has continued to maintain full mold coverage as a standard component of their homeowners contract
- Request for coverage is always subject to underwriter approval with Chubb and Fireman's Fund. The decision to extend coverage is based on prior water losses in the home and duration since the last home inspection



Flood Insurance

- In 1968, the National Flood Insurance Act was passed by Congress following devastating US hurricanes through the 1960's
- The Federal Government created the program to fill the gap caused by the homeowners insurance market's failure to provide flood coverage
- The FEMA has defined flood as “a general and temporary condition of partial or complete inundation of normally dry land area of two or more acres or of two or more properties (at least one of which is your property) from overflow of inland or tidal water; unusual and rapid accumulation or runoff of surface waters from any source; mudflow; or collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as previously defined”

Flood Insurance (continued)



- FEMA's maximum policy limits allowable are \$250,000 for dwelling coverage and \$100,000 for contents and premiums are based on the flood zone
- While the policy provides a gap created by the homeowners exclusion, the FEMA flood policy has many gaps within itself. The policy will never pay more than the face value, contents losses are paid on a depreciated basement and all finishes and contents are excluded in the basement



How Is Flood Different Now?



- Top tier homeowners insurance markets AIG, Chubb and Fireman's Fund are now offering flood coverage as an available component of the homeowners policy in various states for homes in low risk flood zones such as X, C, B & D
- The definition of flood has been broadened to "a general and temporary condition of partial or complete inundation of normally dry land"
- Fireman's Fund and Chubb now have flood available in CT as an endorsement to the homeowners policy. While the coverage limits of primary flood remain at \$250,000 in dwelling coverage and \$100,000 in contents, coverage is now afforded on a full replacement cost basis for contents and finishes and contents in the basement are included within the flood limit. Excess flood coverage continues to be available through AIG, Chubb and Fireman's Fund for limits in excess of the standard primary flood
- Fireman's Funds pricing mirrors the costs of the FEMA premiums. Chubb's premiums are 3 to 4 times the cost of a FEMA policy, but lower preferred rates are pending approval by the CT Insurance Department. AIG's flood product is approved in CT



Umbrella Liability



- Personal Umbrella Liability is the key component of insurance for high net-worth individuals to protect their net worth and personal assets
- Chubb, Fireman's Fund and AIG have the ability to offer umbrella limits up to \$100Mill on one policy on standard market paper
- All other lower tier markets cap their umbrella liability offering to a maximum limit of \$5Mill
- Group Excess Programs are available through Chubb, Fireman's Fund and AIG for executives, directors, partners, associates, principles and "clients of" high end firms
 - These programs provide competitive pricing due to the risk being spread across a large number of individuals
 - Programs can be offered on a voluntary or mandatory basis.



Umbrella Liability (continued)



- Excess Uninsured/Underinsured Motorist coverage is the cheapest form of disability insurance available for your clients
- NEW
 - Now coverage can be purchased from the top tier markets such as Chubb, Fireman's Fund and AIG for limits up to \$10Mill
- Typical pricing from top tier markets as follows:
 - \$10Mill Umbrella with no UM - \$1,464
 - \$10Mill Umbrella with \$1Mill UM - \$1,639
 - \$10Mill Umbrella with \$5Mill UM - \$1,991
 - \$10Mill Umbrella with \$10Mill UM - \$3,337



Concierge Services



- Chubb, AIG and Fireman's Fund specialize in catering to the affluent and high net-worth. These individuals have special needs and concerns
- The top tier markets have created innovated products to address these needs that fall outside of the typical homeowners and liability policies
- Products such as individual Nonprofit D&O coverage, EPLI, Travel Accident, Family Protection, Kidnap & Ransom, Personal Security, Travel Security, Personal Staff Risk Management, Collections Management, Identity Theft Restoration and Family Trust Management
- Mailers and brochures are being sent directly by Chubb, AIG and Fireman's Fund to their respective clients regarding new product lines, coverage availability and coverage enhancements



York International Agency



- 35 Licensed Professionals
 - Property, Casualty, Life & Health Brokers
 - Claims Mitigation and Loss Control
 - Risk Assessment, Placement & Consultation
- Specializing in
 - Large commercial risks
 - Middle market business
 - Small business
 - Personal insurance for high net worth individuals
 - Life, health, disability, long term care for individuals and organizations
 - D&O and E&O placements
- Rough Notes Agent of the Month, March 2006

