



**Y O R K**  
International  
Agency, LLC

Insurance • Benefits • Risk Management

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# Insurance 101

October 23, 2008



# Our Approach to Risk Management

Employee  
Risk Issue  
Interviews

Benchmarking

HR Regulation  
Consulting

Credit  
Insurance

Exposure  
Analysis

Insurance Policy  
Exclusions  
Review

Workers Comp  
Experience Mod  
Analysis

EB Plan  
Review

Building  
replacement  
cost analysis

OSHA  
Safety  
Analysis

Claims  
Audits

Cyber Risk  
Review

Contractual Risk  
Reviews

**Everything we COULD talk about...but won't, because you probably haven't had your second cup of coffee yet!**



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# Today's Agenda

- 1. Reading Schedules of Insurance**
- 2. A Primer on Insurance Coverages**



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# Reading a Schedule of Insurance

*V - TENDED TO WIDE - Prepaid Insurance schedule e 9/21/05*

**BREITSTONE & CO**  
INSURANCE  
BROKERS AND CONSULTANTS  
534 WILLOW AVE. CEDARHURST, NY 11716  
PHONE: (516) 569-4100  
FAX: (516) 569-2000

DATE PREPARED: 11/29/2005

DESCRIPTION	AMOUNTS OR LIMITS	TERM IN YEARS	EXPIRES	COMPANY	POLICY NUMBER	PREMIUM
LIABILITY	\$1,000,000 \$2,000,000	1	8/15/06	Seroca	SCC2025125	\$22,094.00 ✓✓

Quality of Insurer?

Does it meet bank guidelines?

[www.ambest.com](http://www.ambest.com) – claims paying/ policyholder surplus ratings

Admitted or Surplus Lines? Impact?



# Reading a Schedule of Insurance

*V - TRACED TO W/D E - Prepaid Insurance schedule e 9/31*

PREPARED FOR	PROPERTY LOCATION: (IF DIFFERENT FROM ABOVE)	SEE ATTACHED	AMOUNTS OR LIMITS	TERM IN YEARS	EXPIRES	COMPANY
	<b>COMMERCIAL GENERAL LIABILITY</b>			1	8/15/06	Sonaca
	Commercial General Liability					
	Per Occurrence		\$1,000,000			
	Aggregate		\$2,000,000			

Occurrence vs Claims-Made coverage trigger



# Reading a Schedule of Insurance

<u>COMMERCIAL GENERAL LIABILITY</u> (Puerto Rico)	\$1,000,000	1	5/17/06	Royal & Sun Alliance
Per Occurrence	\$1,000,000			
Aggregate	\$2,000,000			
<u>WORKERS COMPENSATION</u> (FL, MA, NY & PA)	Statutory	1	5/20/06	Graphic Arts
<u>DISABILITY BENEFITS</u>				Maintained directly



Foreign travel?

Match against state of operation – coverage not assumed

Employers Liability limits? Scheduled to Umbrella?



# Reading a Schedule of Insurance

PROPERTY LOCATION: (IF DIFFERENT FROM ABOVE)	SEE ATTACHED	SEE ATTACHED	SEE ATTACHED	SEE ATTACHED
COVERAGE	AMOUNTS OR LIMITS	TERM IN YEARS	EXPIRES	COMPANY
<b>MARINE OPEN CARGO POLICY</b>		Until	Cancelled	Travelers
Any One Aircraft	\$3,000,000			
Shipments on Deck	\$300,000			
Any One Vessel	\$3,000,000			
Any One Land Conveyance	\$2,000,000			
Except Mexico	\$1,000,000			
<b>LEGAL LIABILITY</b>				
Any One Aircraft	\$3,000,000			
Any One Truck or Railcar	\$2,000,000			
Any Terminal	\$3,000,000			

Valuation? Will the income loss be covered?



# Reading a Schedule of Insurance

<u>LEGAL LIABILITY</u>					
Any One Aircraft	\$3,000,000				
Any One Truck or Railcar	\$2,000,000				
Any Terminal	\$3,000,000				
<u>UMBRELLA POLICY</u>		1	8/15/06	United Nat'l	
Policy Limit	\$3,000,000				
Retained Limit	\$10,000				
<u>UMBRELLA POLICY</u>		1	8/15/06	RSUI	
Policy Limit	\$7,000,000				
<u>BUSINESS AUTOMOBILE</u>		1	8/19/06	Allstate	
(California)					
Combined Single Limit	\$1,000,000				

Limit adequacy for industry?



# Reading a Schedule of Insurance

<u>UMBRELLA POLICY</u> Policy Limit Retained Limit	\$3,000,000 \$10,000	1	8/15/06	United Nat'l
<u>UMBRELLA POLICY</u> Policy Limit	\$7,000,000	1	8/15/06	RSUI
<u>BUSINESS AUTOMOBILE</u> (California) Combined Single Limit	\$1,000,000	1	8/19/06	Allstate

The above schedule is an inventory of all coverage in force with/or recommended by this office. If you have policies from other insurance offices we suggest that you submit

Please examine this schedule with the amounts or limits of your insured values and liability judgments are to

Should list the scheduled underlying policies



# Reading a Schedule of Insurance

COVERAGE	AMOUNTS OR LIMITS	TERM IN YEARS	EXPIRES	COMPANY
<u>BUSINESS AUTOMOBILE</u> (Georgia) Combined Single Limit	\$1,000,000	1	<u>9/25/06</u>	Allstate
<u>CRIME INSURANCE</u> Employee Dishonesty Depositors Forgery Deductible \$2,500	\$500,000 \$500,000	1	6/30/06	Federal
<u>PENSION TRUST BOND</u>	\$100,000	3	3/01/06	Fid. & Deposit

Adequacy of limits?  
Claim accumulates  
year to year but the  
limit does not

No reference  
to D&O,  
Fiduciary,  
EPL?

By law the limit must  
be at least 10% of  
assets and  
contributions from  
5500 (max \$500,000)



# Reading a Schedule of Insurance

SCHEDULE OF LOCATIONS				
		CONTENTS	EDP	EXTRA EXPENSE
#1	222 CROSSWAYS PARK DRIVE WOODBURY, NY 11797	\$200,000	\$250,000	\$250,000
#2	8801 BELLANCA AVENUE LOS ANGELES, CA 90045	\$50,000	\$100,000	\$100,000
#3	175-52 148th ROAD JAMAICA, NY 11434	\$20,000	N/A	\$10,000
#4	850 CALCON HOOK ROAD	\$20,000	\$50,000	\$10,000

No reference to property in the actual body of the schedule?

How does coverage apply? Per location?  
Blanket?



# Coverage Primer

## Property

Blanket vs. Scheduled Locations

Coinsurance/Agreed Value

RC/ACV/FRC

Builders Risk

Owners Interest

Clients could be underinsured

If coinsurance applies, underinsured values will carry a penalty

Does your client do a lot of building development?

NY Labor Law issues to consider



# Coverage Primer

## Causes of Loss

Special Perils

Earth Movement

Flood

Sewer Backup

Utility Interruption On & Off Premises, Direct & Time Element  
(water, communication)

Ordinance and Law  
Vacancy Protection

These coverages aren't always covered in a property policy...and when coverage is provided the limit always has an annual aggregate.

Coverages and limits that vary by insurer and could potentially leave a client exposed and underinsured



# Coverage Primer

## Covered Property or Loss

Improvements & Betterments

Property of Others

Business Income and Extra Expense

Extended Period of Indemnity

Rents/Rentals Value/Leasehold Interest

Contingent BI & EE

Consequential Damage (spoilage)

Property coverages that go to fund a client's disaster recovery plan

Is the limit on the policy adequate to provide for continuing expenses and net income while the business is down?



# Coverage Primer

## Property Extensions or Limitations

Accounts Receivable

Electronic Data Processing

Data & Media

Breakdown

Cost of Inventory & Appraisals

Fine Arts

Exhibitions and Trade Fairs

Valuable Records Research

Manufacturers Selling Price

Patterns/Mold/Dies

Personal Property Off Premises

How does the  
policy value EDP?

Media included?

Cost to recreate  
or just copy?

Don't assume trade  
show materials are  
covered in the transit  
coverage



# Coverage Primer

## Crime

Blanket Employee Dishonesty  
Forgery or Alteration  
Theft, Disappearance & Destruction  
Computer Fraud  
ERISA Compliance

Does your client have these broad coverages or is the policy simply an ERISA Bond?



# Coverage Primer

## General Liability

Coverage on Occurrence Form

Products/Completed Operations

Employee Benefits Liability

General Aggregate per Location/Site

Liquor Liability

Additional Insured – Lessors of Premises, Lessors of Equip

Additional Insured – Vendors

Additional Insured – Required by Written Coverage

Fellow Employee Coverage

Leased Worker Injury Extension

Joint Ventures

World wide Coverage (Foreign)

Does your client  
operate at  
multiple  
locations?

What contractual  
obligations might  
your client  
have?



# Coverage Primer

## Automobile Liability

Medical Payments

Comprehensive or Specified Perils

Collision

Towing

Rental Reimbursement

Drive Other Car Liability & Physical Damage

Hired & Non-Owned Auto Liability

Hired Car Physical Damage

Hired Autos Defined as Owned Autos

Individual as Named Insured

Additional Insured – Vehicle Lessors

Are all autos owned by the business executives held by the company?

Does your client travel on business and require vehicle rental?



# Coverage Primer

## Workers Compensation

Part Three-Other States Coverage

Voluntary Compensation

Foreign Voluntary Compensation & Repatriation

Covered Individuals

Sole Proprietors, Partners, Corporate Officers

FELA

Alternate Employer

Stop Gap Liability

Does your client  
travel extensively  
internationally ?

Does your client have  
employees in states where  
the WC is administered by  
the State not the commercial  
insurers?

NV, ND, OH, WA, WY, WV



# Coverage Primer

## Umbrella

Umbrella vs. Excess Form

Aggregates apply same as primary

Proper Primary Limits (i.e. Employers Liability)

Excess of:

Employee Benefits, Foreign, Liquor or UM

Follow Employee

Does the schedule of underlying  
limits match the primary policies?

GL, Auto, WC EL, others?



# Coverage Primer

## All lines

Broad Form Named Insured  
~~Earlier Notice of Cancellation~~  
Earlier Notice of Non-Renwal  
Knowledge of an Occurrence  
Unintentional Errors & Omissions

When your client has a complex ownership structure – the ultimate sleep insurance.

But it only flows down from the first named insured.

Flexibility for the insured at the time of the loss



# Coverage Primer

## Miscellaneous

Foreign Liability

Political Risk

Credit Risk

Professional Liability

Pollution Liability

Aviation (Owned or Non-Owned)

Product Recall

Owners & Contractors or Rail Road Protective

Ocean Cargo

Terrorism

Is a client's  
receivables at risk  
of default?

Does the client own  
their own aircraft?

Not covered on a GL policy – separate  
is available for clients in the food  
production/distribution business

Not necessarily covered in  
a transit program