

HPPIB Executive Summary

10 Winning Tactics to Making Intelligent Choices When Purchasing Business Insurance

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Presented by:

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A&E Firm Core Insurance Policies

1. Professional Liability Coverage:

- Protects against claims alleged to have been caused from an Insured Firm's professional service activities: Covers bodily injury, property damage or economic loss claims
- Applies on a "Claims Made" basis

2. Business Office Package Coverage:

- Covers bodily injury & property damage claims from non-professional service activities
- Includes Commercial General Liability, Personal/Advertising Injury Liability, Building (if applicable) & Property coverage, along with several other special purpose coverages
- Special A&E programs exist
- Applies on an "Occurrence" basis

3. Umbrella Liability Coverage:

- Designed to provide excess limits of liability for Commercial General Liability, Business (Owned) Automobile Liability & Employers Liability policies if policy limits are exhausted

4. Workers' Compensation Coverage:

- Provides employees with medical care & compensation for lost income when injured in the course of employment

5. Employers' Liability Coverage:

- Covers situations where (1) an employee decides to pursue a lawsuit to recover damages beyond the Workers' Compensation benefits and (2) if sued by a third party affected by a workplace injury, such as a family member of the injured worker

A&E Firm Insurance Broker Selection

1. Role of the Broker:

- Understands proper use of applications & attachments to applications
- Experienced negotiator

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- Several established insurance company relationships
- Risk management advisor from an insurance and “non insurance” policy perspective (contract reviews, insurance certificate management & claim advocacy)

2. Use of Multiple Brokers:

- Goal is to end-up with the right carrier and the right broker
- Interview criteria
 - Broker association memberships (a/e ProNet, Plan, PLUS, & CPCU)
 - Insurance company relationships, percent of business placed with top 3 companies, & if direct access (or indirect access) to key insurance company decision makers applies
 - Review typical Client proposal & sampling of contract reviews
- Assign brokers a “fair number” of insurance company options
- Request similar proposal content from each broker
- Establish timetable for presentations with enough time for
 - Secondary discussions
 - Addressing proposal subjectivities
 - Issuing certificates of insurance

A&E Firm Professional Liability Coverage

1. Key 1st Step, Advance Prep (30-45 Days before Renewal):

- Secure 5 year loss history in advance (if claims have occurred)
- Obtain past 3 year billing information (from bookkeeper, etc.)
- Review/update current Certificate Holder list
- Assign specific insurance companies to brokers (if multiple broker will be used)

2. Application Process:

- Select the best application for your firm (small & larger business applications exist)
- Key Application Questions: Provide additional comments as needed
 - Gross Billings Past 3 Years & Projected Year Ahead
 - Professional Discipline Categories
 - Project Type Categories
 - Quality of Contracts
- Internal Risk Management
- Include Past 5 Year Policy Premium Information
- Claim History
- Potential Claims/Disputes

A&E Firm Business Office Package Coverage

1. Key 1st Step, Advance Prep (30-45 Days before Renewal):

- Secure 5 year loss history in advance (if claims have occurred)

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- Building Updates (if >20 yrs old for plumbing, roof, heating, & wiring)
- Review/update current Certificate Holder & Additional Insured list
- Assign specific insurance companies to brokers (if multiple broker will be used)

2. Application Process:

- Select the best application for your firm (small & larger business applications exist)
- Key Application Questions: Determine proper limits
 - Liability Coverage Limits
 - Commercial General Liability
 - Damage to Premises Rented to Others Liability
 - Umbrella Liability
 - Property Insurance Coverage Limits
 - Valuable Papers & Records
 - Electronic Data Property
 - Computers & Related Media
 - Business Personal Property
 - Special Coverage Limits
 - Accounts Receivable
 - Earthquake Sprinkler Leakage

A&E Firm Workers' Compensation & Employers' Liability Coverage

1. Key 1st Step, Advance Prep (30-45 Days before Renewal):

- Secure 5 year loss history in advance (if claims have occurred)
- Determine next year's projected payroll
 - Address whether legally required to include Independent Contractors
- Review/update current Certificate Holder list
- Was there Out-of-State Travel (>30 days any one time)
- Decide to exclude (or include) officers & owners from policy
- Assign specific insurance companies to brokers (if multiple broker will be used)

A&E Firm Broker Proposals

1. "At a Minimum" Items:

- Bests Financial Strength Insurance Co. Rating & Whether Backed by State Guarantee Fund
- Limit & Deductible Options
- List of Covered Firms
- Professional Liability Only Items
 - Extent of Prior Acts Coverage
 - Number of Years Extended Reporting Period Coverage is Available
- Policy Premium Payment Options

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- Subjectivities left to address prior to being able to purchase coverage

2. “Often Overlooked” Items:

- Limit of Liability Options
 - Cost to Increase Limit of Liability Option
 - Maximum Limit of Liability Your Firm Could Purchase from the Insurance Co.
 - Minimum Premium for \$1M Project Specific Limit Option (Professional Liability)
- Outline of Unique Policy Restrictions & Enhancements
 - Previous Items
 - New Items
- Risk Management Capabilities from
 - Insurance Broker
 - Insurance Co.
- Insurance Co. Interest If Different Project Mix Applied (In Foreseeable Future)

A&E Firm Suggestions for Positive Insurance Co. Relationships

1. Relationship Building Checklist:

- Consider Conference Call Discussion with Key Personnel
- Schedule Mid-year Meeting (broker’s office, your office, their office, over lunch/dinner)
- Attend Presentations & Webinars
- Place on Key Client Correspondence Mailing List