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# A GUIDE TO SPECIALTY BUSINESS INSURANCE

## Section 1: Cyber Liability, Network Security, Privacy/Data Breach

Cyber and privacy liability policies help cover liability for a data breach for both first parties (i.e. your business) and third parties (i.e. customers and others potentially damaged by the harm done to or by your business). In today's increasingly networked world, no risk management plan is complete without understanding the specific areas in which your particular business requires cyber liability coverage. If you are any company with secure data or information, like:

- A small business
- A public entity
- A medical provider
- An online retailer

... then you are in an industry in which customer, client, or even employee credit card or Social Security numbers, medical history, or other sensitive personal data of any kind could be exposed or stolen. Unauthorized access to your organization's electronic network can happen in many ways.

### Everyday Examples

An employee brings his company laptop—containing private customer and employee information—home for the weekend and forgets it on the commuter train.

A hacker gets into the electronic records of the hospital you administrate

Your office is doing an annual file clean out and there is a box of old W-9s that for some reason goes in the garbage instead of through the shredder, where it is found by scammers and used for ID theft.

The service encrypting your retail operation's online customer records is hacked and you are suddenly inundated with complaints about fake charges

### Legal Compliance

Consumer Protection Laws and standards addressing the handling of private and confidential data are a growing body of law that your business may need to understand and adhere to. Examples include:

- Individual state data breach laws
- European Union Data Protection Directive
- Children's Online Privacy Protection Act (COPPA)
- Health Insurance Portability & Accountability Act (HIPAA)
- Health Information Technology for Economic & Clinical Health Act (HITECH Act)
- Gramm-Leach-Bliley

Sarbanes-Oxley  
Federal Information Security Management Act (FISMA)  
Payment Card Industry Data Security Standard (PCI-DSS)

**What is covered?**

Areas covered by cyber liability and breach of privacy include, although are not limited to:

- Legal fees and computer forensic costs in the event of a security or privacy breach
- Regulatory fines and penalties
- Costs to notify customers in the event of a data breach, including things like legal expenses, credit monitoring, postage and advertising
- Business interruption expenses coverage, including income loss
- Damages to third parties caused by a breach of network security

Your organization's data is one of its major assets. As such, it is your business's responsibility to protect. Cyber risk insurance is a growing field and not yet standardized. This means you need to talk to an expert to understand where you may be exposed, and what liability protection is available to you.

**Smart Risk Management**

Mitigating the associated expenses of a cyber attack or data breach, which can reach into the millions of dollars, is smart business. Contact a reputable broker to help you figure out the best plan for your particular situation.

## Events Liability

### The bottom line

As producer of a public event you need the protection of Special Event Liability Insurance. It protects against lawsuits, claims made related to bodily injury of others, and property damage to the occupied premises, whether those are a catering hall, convention center or the main plaza downtown.

Commercial General Liability (CGL) policies, often called Spectator or Public Liability Insurance, will usually meet the requirements of rental and other locations. It protects against third party liability claims for bodily injury and property damage arising out of premises, operations, products, and completed operations, as well as defense for intentional torts (i.e., advertising and personal injury liability--slander, libel, wrongful eviction, violations of a person's right of privacy).

Vendor Insurance covers vendors, exhibitors, and concessionaires when participating in trade shows, craft shows, fairs, and exhibitions of all kinds. Some types of vendor insurance include Aggregate (a total limit for the duration of the event), Products/completed operations, Personal and advertising injury, Fire damage and property damage to leased premises.

### Specialized coverage

Special events have a lot of moving parts. Take a look at this list of venues, activities and specialized insurance policies, all potentially relevant to your special event:

- Amusement Centers
- Amusement Parks
- Bowling Centers
- Catering
- Circuses
- Fairs:
  - Fair Primary Vendor Liability
  - Fair Property
  - Fair Hired & Non-Owned
  - Fair Inland Marine
  - Fair Liquor Liability
- Fireworks:
  - Fireworks General Liability
  - Fireworks Property
  - Fireworks Stock
- Flea Markets
- Haunted House
- Ice Skating Events or Rinks
- Liquor Liability

Marina Operators  
Motorsports  
Outfitters & Guides  
Petting Zoos  
Parasail  
Rental Amusement Operations  
Rodeos  
RV Park and Campgrounds  
Ski Area Liability  
Special Events  
Stables  
Watercraft Rentals  
Water Park Slides  
Ziplines

### **Protect your event**

They told you it would be done in March and here it is June... Construction on a venue means it's not ready for your wedding. But what about the deposit? **Event Cancellation Coverage**

The fundraiser for historic preservation your committee spent a year organizing and someone put a cigarette out on the newly refinished 18<sup>th</sup> century floorboards of the verandah. **Property Damage Coverage.**

The yearly Town Founder's Parade and the videographer's second camera and memory chips with all the footage up till the end was stolen during the closing ceremony. **Photo and Video Coverage**

Your daughter's 11<sup>th</sup> birthday party at the skating rink and a parent/chaperone fell and broke his collarbone. **Liability Coverage**

Whether you are planning a 10-day festival or an afternoon wedding, things happen. Cancellations, sudden illness, the tent falls down, crowd control gets out of control—whatever the problem and whatever the size or complexity of your event, there are tools to minimize your risks and ensure the unexpected is only a blip, rather than a disaster. Contact a qualified insurance specialist to understand what you need for your particular event.

## **Hard to Place Commercial Auto Insurance**

Important when your business requires coverage for:

- Ambulances
- Building demolition
- Car hauling
- Dump truck operations
- Emergency vehicles
- Fast food delivery
- Fire Departments
- Garbage collection
- Heavy equipment movers
- Iron/steel hauling
- Livery operations
- Livestock hauling
- LPG transporting
- Mobile home transport
- Para transit
- Pipe line contractors
- Softwood loggers
- Street/road contractors
- Tow truck operations
- Winching/boom operations
- Wreckers

### **What's at Stake for Specialty Industries?**

For specialty industries the investment in vehicles is high. So are the risks. Whether using your own car to deliver pizza or managing a fleet of ambulances, good risk management and financial security means understanding the specific ins and outs of your particular business liabilities. The basic on-road accident statistics tell their own story: approximately 3 million people a year in the U.S. are injured in road accidents, and around 130,000 of those involve trucks. Out of all accidents approximately 70% report property damage, and about 25% result in long-term injury. Medical costs, damaged equipment, lost cargo, unforeseen legal issues—accidents happen, and whether your employee is at fault or not, there will be costs needing coverage.

**Minimum Legal Requirements:** Any business dealing with vehicles or transport knows that all states require Commercial Auto or Truck Insurance. That means your business should be at least minimally covered for the three entities generally liable for damages resulting from a motor vehicle accident:

- The driver of the vehicle at fault
- The owner of the vehicle at fault
- The business or organization that the vehicle was being used for

## **But is it enough?**

### **One Size Does Not Fit All**

Legally mandated state requirements are rarely enough even for businesses that only need coverage for employees renting a car on a business trip. What if you are looking to cover damage to logging industry equipment such as skidders and loaders? What potential risks come up if you have to commandeer volunteers and vehicles for an emergency? Are you sure your demolition business has covered all the commercial general liability (CGL) or pollution legal liability (PLL) gaps that might be associated with transport of potentially hazardous materials, contractor's pollution, or other industry risks?

Secure the foundation of your business. Get targeted policies for loss control and risk management.

Policies do vary between companies, so it's important to talk to your insurance agent to determine what the risks and exposures for your particular business might be.

## Garage Liability

### Mind the Gap

If your business handles customer vehicles, you need more than commercial general liability coverage to protect yourself from incidents that occur on your premises. Standard commercial general liability insurance usually will not cover damage to vehicles your business does not own. Businesses such as:

- Non-franchised used car dealers
- Valet services
- Wholesale auto dealers and brokers
- Motorcycle dealers and repair
- RV dealers and repair
- Heavy truck dealers and repair
- Auto repair operations
- Full service car washes

require garage insurance to protect against common bodily injury and property damage claims.

### **Basic Garage Liability: coverage for general business operations and related claims**

If you run a garage or shop, customers visit. Basic garage liability covers your business for policy-specified amounts of medical expenses if a customer falls while on the premises. Similarly, like all businesses you need protection in the event of unfair hiring practices litigation brought by an employee, or dishonesty coverage if your employee steals or damages a customer's car. Do you manufacture or sell products? Garage liability extends to these, including property damage as a result of faulty parts installed in a customer's vehicle.

What if there is an accident while your employee (or yourself) are driving a business-related vehicle—basic garage liability covers damage to the other parties. Be aware, however, that such claims are subject to limits: individual accident, and an aggregate. If your employees drive company vehicles off the premises auto insurance coverage will be necessary—this may result in a higher premium.

### **Garage-keeper's Insurance: coverage for damage to customers' autos and property**

Garage-keepers 'buys back' coverage lost through the care, custody or control exclusion in basic garage insurance. Garage-keeper's specifically covers property damage to vehicles while in "care, custody or control" of the business and is what will protect you if a customer's car is in the building when a fire breaks out. It also applies when an employee test drives a customer's car. Limits and deductibles are applied per vehicle, which can add up quickly if an incident damages several cars at once.

Bottom line: get the insurance necessary to minimize your garage's financial exposure.



Contact a specialist to determine optimum coverage, premiums and deductibles. Knowledgeable brokers will take into account the number of employees and their driving records, the exact nature of your business, the location, level of on-site security—every garage is different.

## **Mining Insurance**

### **Whole-picture planning**

Understanding your business and your strategic goals is our key to helping you get the right portfolio for comprehensive risk management. We cover a wide range of operations, such as:

- Mining & Quarry Operators
- Minerals Mining
- Ore Processing Mills
- Service Contractors
- Machine Shops, Manufactures, Fabricators, such as:
  - Fan Manufacturers
  - Structural Steel Fabrication
  - Casing Contractors
  - Equipment Manufacturers
  - Conveyer Belt Manufacturers
- Consultants and Contractors, such as:
  - Drilling Companies
  - Explosive Dealers/Contractors
  - Blasting Contractors
  - Geologists/Mining Engineers
  - Mechanics
- Security Contractors

Mining risk assessments must consider a wide range of potential events, from workers compensation for operators in metallic mines, sand and gravel pits, quarries, stone, and other industry-related industries to environmental concerns ranging from historical pollution remediation to the increasing need to address sustainability question involving shared water use and other local issues. Some of these potential hazards are currently obvious. Some, given past events, are fairly easy to predict. And, some are just coming into focus. The world is unpredictable, and the ability to maintain existing operations, take advantage of expanding markets and new opportunities, or even close an operation without incurring unforeseen liability depends on the coverage you put in place now.

### **Overview of necessary policies**

Here are examples of some of the insurance policies that the typical mining operation should have in place:

- Directors and officers liability insurance
- General liability for all stages of mining, for example: vacant land, surface mining, third-party issues
- Excess Liability & Umbrella
- Workers Compensation
- Reclamation bonds

- Property & Equipment for all buildings and contents for processing sites and equipment, offices, temporary buildings, etc. including mobile equipment and rail cars and other transport
- Business Income, insuring against fire, theft, vandalism and other normal causes of business loss as well as industry-specific items such as equipment breakdown, cave ins, etc.
- Boiler & Machinery
- Auto Liability, from the crew bus to tractors
- Cargo, including both ore and equipment
- Employment Practices Liability, including growing issues of wrongful termination, sexual harassment, failure to hire or promote, etc.
- Foreign & Multinational Liability
- Political Risk
- Kidnap, Ransom & Extortion
- Pollution & Environment Liability
- Loss Control & Risk Management services, including understanding the implications of the **Foreign Corrupt Practices Act (FCPA)**. The FCPA can cost millions, unless you protect your business through thorough and ongoing compliance to avoid fines, and institute a risk management strategy that accounts for the high costs of defending FCPA charges

Talk to a licensed agent to help evaluate your current and potential future liabilities. Together, you will work with your broker to develop a risk transfer plan that will offer your business comprehensive coverage.

## Products Liability Insurance

### Risk Management for Designers and Manufacturers, Marketers and Distributors

It is thrilling to launch a product, whether it is a better garden hose or a new way of computer modeling that allows for an advance in artificial joints. However, the manufacture and sale of products also means potential liability, whether you are the manufacturer, distributor, wholesaler or retailer. Alleged or actual negligence resulting in alleged or actual harm—no matter what the facts, you need coverage to protect your business in this current 'quick to sue' climate.

Does your business make or handle:

Ammunition	Furniture
Amusement devices	Home Appliances
Automobile performance parts	Industrial products
Aviation products	Juvenile products
Bicycles	Lawn & Garden equipment
Bio Fuel	Machine Shops
Boats	Marine products
Chemicals	Medical Equipment
Cleaning products	Metal goods
Construction Equipment	Outdoor recreation
Consumer products	Paint
Cosmetics	Plastic & Rubber Goods
Custom Motorcycles	Plastics
Dental Medical Devices	Playground Equipment
Electrical products	Prosthetics
Elevators	Protective apparel
Energy Drinks	RVs
Fertilizer	Sporting goods
Fire Protection Equipment	Tires (On / Off-Road)
Firearms and accessories	Toys
Fireworks	Vitamin Manufacturing
Flight Simulators	Wheels
/Rims and Tires	

... or any other physical product?

If so, your financial bottom line requires Products Liability coverage. Moreover—as a manufacturer, distributor or wholesaler you may have found that wholesale and retail operations/venues require you to have products liability insurance on the items you develop and/or distribute. And, as a product retailer, you may be held responsible if there is an injury resulting from use of a product you sell.

**Protect your investment in your business**

Product Liability Insurance typically covers your business and your product in the event someone claims that your product caused damage to personal or business property, or personal injury or death. Liability insurance protects against losses even if the insured business is in fact negligent or liable for the damage, injury or loss of another's property or person. In other words, you will have coverage for:

Damages, legal defense fees and settlement charges incurred through a lawsuit that arises due to claims of damage or injury from use of a product you manufacture or sell.

Bodily Injury costs sustained by a person or firm, such as cost of care, loss of services, and restitution for death resulting from an injury.

Damage to or loss of use of another's property due to your business or product.

There is no reason for your business to be under financial risk due to potential products liability.

## **Surety Bonds**

Surety bonds are different than insurance, but often equally important in guaranteeing financial security for your business. Surety bonds help ensure that a principal acts honestly and with integrity, maintains financial responsibility, and complies with laws and contracts. Our portfolio of surety bonds includes contract bonds, commercial bonds, court bonds and fidelity bonds.

### **Ensure a contractor can fulfill the statement of work: Contract Bonds**

Contract bonding includes background checks and review of CPA-prepared financial records (or stated equivalents) provided by the contractor and/or owner(s) for both business and personal assets. Contract Bonds, a category which includes Bid Bonds, Performance Bonds, Payment Bonds and Maintenance Bonds, guarantee that if a bid is awarded the contractor will enter into and fulfill the terms of the contract, including doing all work to spec and paying for all outlined labor and materials.

### **Protect your business and assets from losses due to a court decision: Court Bonds**

Court Bonds are also known as Judicial or Court Surety Bonds. They may cover the costs of making an appeal (Cost Bonds), buffer a sheriff or marshal if a suit is brought by someone whose property is seized (Indemnity Sheriff Bonds), pay damages suffered by the plaintiff if a case goes to the defendant (Plaintiff's Bonds, Attachment Bonds) or guarantee that seized property will remain in the same condition and will not be sold or disposed of (Replevin Bonds).

Probate or Fiduciary Bonds protect interested parties against loss due to failure of the fiduciary (i.e. an Executor, Guardian, Administrator or Conservator) to properly perform their lawful duties and obligations while administering an estate or managing assets for a minor or incapacitated person.

### **Protect against employee theft: Fidelity Bonds**

Employee theft does occur, despite background checks and supervision. Fidelity Bonds cover employee theft occurring in both your and your customer's businesses. Fidelity bonds are important when one or more employees is trusted with handling cash or other high worth assets.

Business services bonds cover the loss of a customer's money, equipment, supplies and personal belongings through theft or other dishonest acts by your employees while on the customer's premises. Business services bonds work well for cleaning services, contractors, pet caregivers and house sitters.

Standard employee dishonesty bonds protect your business from financial loss due to fraudulent activities by an employee, like taking money or securities. Non-profit organizations and professional offices including CPAs, dentists and physicians are good candidates for employee dishonesty bonds.

The Employee Retirement Income Security Act of 1974 (ERISA) requires trustees of pension plans to have fidelity bond coverage equal to at least 10% of the total plan's assets. ERISA bonds protect participants and beneficiaries from dishonest acts of a fiduciary who handles employee benefit or pension plans, including 401(k)s.

### **Ensure contractors follow governmental rules and regulations: Commercial Surety Bonds**

Generally required by state laws and statutes, commercial surety bonds guarantee some aspect of a principal's occupation. Commercial surety bonds are extremely industry specific:

**Agricultural dealer bonds (AG bonds):** required if licensed with the Department of Agriculture to buy and resell agriculture products (grain dealer bonds, hay dealer bonds, livestock dealer bonds, milk dealer bonds and produce dealer bonds).

**ARC bonds:** required by the Airlines Reporting Corporation to guarantee that payment collected by a travel agency will be forwarded to the appropriate airline.

**Auctioneer bonds:** required by auctioneers and auction houses to protect bids and purchases.

**Auto dealer bonds**, or motor vehicle dealer (MVD) bonds: assure the general public (specifically those who have financial transactions with the dealer) that the dealer will comply with the law. Similar dealer bonds: boat dealer bonds, mobile home dealer bonds, motorcycle dealer bonds, snowmobile dealer bonds and vessel dealer bonds.

**Fuel tax bonds:** required by fuel sellers to guarantee payment of taxes.

**License and permit bonds:** required by federal, state or municipal governments before they will grant a license or permit to conduct business in certain occupations or professions. For example: contractor license bonds, electrician bonds, HVAC commercial bonds, non-resident license bonds, plumber bonds.

**Liquor bonds:** guarantee compliance with federal and state laws pertaining to the sale, manufacturing and warehousing of alcohol.

**Lottery bonds:** required for any establishment with a lottery machine to guarantee proper use of the machine and avoid abuse to the state lottery.

**Notary public bonds:** required by state statutes. Protect against losses from improper actions by notaries.

**Motorcycle dealer bonds:** guarantee that motorcycle dealers comply with laws, tax payments and, in some cases, payment of judgments. Required to protect the public from wrongful actions of the dealer.

**Mortgage broker bonds:** guarantee that mortgage brokers will abide by state laws, rules and regulations under the mortgage broker license code.

**Public official bonds:** guarantee faithful performance of official duties, generally for the protection of taxpayers.

**Title bonds:** required to register a vehicle or other property due to a lost or defective title. Also known as certificate of title bonds, defective title bonds and lost title bonds.

**Utility bonds:** financial guarantee bonds to ensure payment of utility bills.

**Warehouse bonds:** guarantee that goods stored in a warehouse will be delivered on presentation of a receipt.