Non-Profit Check Up

Understanding What You Do and Do Not Have

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Overview Of The Insurance Market

- Where we are at present
  - Direction of insurance market
  - Excess capital
- Looking forward
  - Industry outlook
  - Market/Political threats

Overview Of The Insurance Market (cont)

- Your situation may vary based upon:
  - The specifics of your industry
    - Exposures: Interaction with children, Public, Physical Activity, Healthcare, etc.
  - Your loss history
    - Shock versus frequency losses
    - What proactive steps have been taken

Overview Of The Insurance Market (cont)

- The markets that annually review your account
  - What companies is your agent talking to?
  - How do you know if this is a thorough process?
  - Conduct a market review every third year
- Value in combining lines of coverage
  - Potential gaps
  - Potential savings
  - Similar renewal date
  - Ease of understanding and communication

Specific Coverages

- Business Income
  - When did you last complete a Business Income worksheet?
    - If not, why not?
    - Significant investment of time results in significant return
- Do you need an Additional Reporting Period?
  - Have realistic timetable
    - (6 months for building permits)
  - How quickly can you find an alternative home?
  - Consider issues of relocation for:
    - employees, clients, suppliers, etc.

Specific Coverages – (cont.)

- Directors & Officers
  - Market Overview
    - Towers, Perrin, Tillinghast report
    - Non-Profit marketplace yet to be recognized by the insurance industry
- Employment Practices
  - Do you have this coverage?
    - 92% of the claims brought against nonprofit participants were by employees
    - What controls do you have in place?
      - Documentation of work history, any “issues” or conversations (closed doors, witnesses)
  - Are your limits shared with your Director’s and Officers coverage?

Specific Coverages – (cont.)

- Crime Coverage
  - Check your limits (Employee Dishonesty $500K loss)
    - What controls do you have in place?
    - Dual signatures for large checks should be standard operating procedure
    - Consult with your CPA regarding industry “best practices”

Relationship With Your Agent

- Discussion of limits
  - How much is enough?
    - ($11MM underinsured)
  - Talk openly about your exposures and what it would take to get back in business in the case of a significant loss
  - Hire an appraiser
- Need to continually update your agent regarding operations
  - New building, operations, divesture, potential loss, etc.
  - Value in ongoing meetings

Relationship With Your Agent (cont.)

- Getting the most out of your relationship
  - Talk often and openly with your agent
  - Discover what insurance company services are provided (likely free!)
    - Loss Control Inspection, Driver Training, EPLI Training
    - Do not underestimate the value of a loss inspection!
    - If you need further assistance, ask for it.

Optional Coverages

- DIC, Umbrella, Equipment Breakdown
  - Difference In Conditions
    - Earthquake and flood
    - EQSL
  - Umbrella Coverage
    - Expands liability limits
  - Equipment Breakdown (also called Boiler & Machinery)
    - Assembly line, HVAC, Refrigeration, Spoilage, etc.
    - Effect on Business Income

If interested:
Steps In Broker Selection

- The one versus many method
  - Four questions to ask regarding broker selection
    - Do they understand your business?
    - Do they have access to markets that you need?
    - What is their commitment to service after you have given them a check?
    - Who do you want to work with (subjective)?

In Summary

- Short of dramatic political or market changes, options look bright for non-profit sector
- Look at organizational exposures from an insurance perspective and make changes
- Address prior losses and adjust
- Be able to tell your story to the insurance industry. Why are you a good risk?
- Look at all options available to you in the marketplace
- You agent should be a resource. Build that relationship.

Thank You

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