

ALARM INSURANCE BASICS

www.AlarmInsuranceCenter.com

Presented By:

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Insurance targeted for your business.

OUTLINE

- What kind of insurance should I have?
- How much insurance?
- Latest trends in Claims?
- What to look for in an insurance carrier?



What kind of Insurance?

1. Commercial General Liability
2. Commercial Umbrella
3. Errors & Omissions
4. Workers Compensation
5. Property
6. Inland Marine
7. Bonding
8. Crime
9. EPLI
10. Cyber Liability



Additional Insurance

1. Commercial Auto
2. D&O (Directors & Officers)
3. Health
4. Dental
5. Life
 - a. Group
 - b. Key man
 - c. Buy/Sell
6. Disability
7. LTC (Long Term Care)
8. Vision
9. EAP (Employee Assistance Program)



Commercial General Liability

- A standard insurance policy issued to business organizations to protect them against liability claims for **bodily injury (BI)** and **property damage (PD)** arising out of premises, operations, products, and completed operations; and advertising and personal injury (PI) liability.
- #1 question regarding Products and Completed operations – who is the manufacturer? Dealer's stickers over manufacturer? Next to it is best!



Commercial Umbrella

- Liability insurance that is in excess of specified other liability policies
- Underlying limits pay first, then this policy



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Errors & Omissions

- Professional Liability
- An insurance form that protects the insured against liability for committing an error or omission in performance of professional duties. (similar to malpractice insurance). Generally, such policies are designed to cover financial losses rather than liability for bodily injury (BI) and property damage (PD).



Workers Compensation

- A system of insurance that reimburses an employer for damages that must be paid to an employee for injury occurring in the course of employment.
- Required in all states except NJ, TX & SD



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Business Property

- Building, equipment, fixtures, furniture, merchandise, etc., identified in an insurance policy as owned by the insured and used in his or her business. Includes inventory.
- On designated premises



Inland Marine

- Property insurance for property in transit over land, certain types of moveable property. Many inland marine coverage forms provide coverage without regard to the location of the covered property; these are sometimes called “property floater” policies. As a group, inland marine coverage forms are generally broader than property coverage forms.
- Off premises coverage



Bonding

- A guarantee of performance required, either by law or consumer demand. Often for businesses with government contracts or some states or cities require a license bond.



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Crime

- Employee dishonesty
- Credit card forgery
- Computer fraud & theft
- Funds Transfer Fraud
- Disappearance & destruction of property



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EPLI (Employment Practices Liability Insurance)

- An insurance policy covering wrongful acts arising from the employment process – wrongful termination, discrimination, sexual harassment, and retaliation.



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Are you at Risk?



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Cyber Liability



What is the nature and sensitivity of your data?

How is data collected, stored, used, shared and destroyed?



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Cyber Liability



What would a cyber attack cost your company?

Is your company susceptible to a cyber attack or breach?



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How much Insurance?

- You can never have enough!
- \$1M / \$2M are typical liability limits
- Commercial Umbrellas are becoming more popular



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Claims



- Duty to Defend. #1 claim filed.
- Anyone can sue for anything.
- Are your defense costs inside or outside limits?
- Commercial Excess Liability (umbrella).
 - see letter you want to avoid on next slide



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Claim is higher than limits.

March 18, 2008

RE: **Named Insured** : [REDACTED]
Claim Number : 786 AH 2240
Date of Loss : March 27, 2006

Dear [REDACTED]

Please be advised I have taken over the handling of the above listed claim. As you are aware, your policy provides \$100,000 for bodily injuries. There is a possibility that the claimant's injury claim will be in excess of your policy limits.

Since the damages in this claim may exceed your policy limit, you may wish to have your own attorney monitor this case in order to protect your personal assets. You would, however, be personally responsible for your own attorney's charges. Please feel confident that we will do everything possible to settle the case within your policy limits.

If you have any other policy of insurance, which may provide you with additional coverage, we advise you to immediately notify the appropriate carrier of the claim pending against you along with the contents of this letter. If you have any questions concerning possible excess coverage, we suggest you immediately consult with your agent or broker.

If you have any questions, please contact me at (800) 822-[REDACTED]

Sincerely,

James C. Slaughter
Claim Representative



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Be up front with your agent!



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Insurance Companies

- Vary by State and Region
- AM Best Rating is Important
- Financial Size
- Admitted vs. Non-Admitted
(See next slide).
- Taxes and Fees
- Financing

FINANCIAL STRENGTH RATING			
Secure		Vulnerable	
A++, A+	(Superior)	B, B-	(Fair)
A, A-	(Excellent)	C++, C+	(Marginal)
B++, B+	(Good)	C, C-	(Weak)
		D	(Poor)
		E	(Under Regulator Supervision)
		F	(In Liquidation)
		S	(Suspended)



Admitted vs. Non-Admitted

Admitted

- Approved by state's insurance department.
- Must comply with all state regulations.
- Fees and taxes are included in premiums.
- State will step in and cover claims if carrier fails.
- Direct bill from carrier with payment options is usually available.

Non-Admitted

- Insurance company doesn't have to comply with state regulations including filed rates.
- No guarantee claims will be paid if company becomes insolvent.
- Fees and taxes are outside of premium from carrier.
- Paid in full is required or financing is an option.



Considerations

- The financial strength of the firm is the most important factor to consider.

Misconceptions

- Admitted companies, due to regulations, are smaller in size and have less cash reserves.
- The government will back claims made by clients before their ailing admitted company folds.
- Non-admitted companies can have the strongest ratings with billions of dollars in their reserve.



Finance Agreement

PREMIUM FINANCING

PO Box 660890
Dallas, TX 75266-0890
TEL: 800-767-0705 FAX: 800-470-2628

Quote Number _____
**COMMERCIAL INSURANCE PREMIUM
FINANCE AND SECURITY AGREEMENT**

This is an agreement between you and BankOne Capital Finance, a division of Texas Capital Bank, N.A., dba Capital Premium Financing of Massachusetts, ("Capital") concerning the financing of the premium(s) by one or more commercial insurance policies. The terms of this agreement are stated below and on page two (2) of this document.

Insured Name and Address of (Exactly as shown on Policy) ("Insured") 	Agent Name and Address (of Insured's "Agent") THE INSURANCE CENTER LLC 3020 WASHINGTON BLVD OGDEN, UT 84401 Telephone Number: (801) 622-2626 Agency Code: A00060
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SCHEDULE OF POLICIES ("Policies")

POLICY PREFIX AND NUMBER	EFFECTIVE DATE OF POLICY IMMEDIATELY	NAME & CITY OF INSURANCE COMPANY AND NAME & CITY OF GENERAL AGENT OR COMPANY OFFICE TOWNSHIP (PREMIUM IS PAID)	TYPE OF COVERAGE	POLICIES SUBJECT TO AUDIT (*)	TERM IN MONTHS COVERED	MIN. EARNED PREM %	DAYS TO CANCEL	SHORT RATE (%)	PREMIUM AMOUNTS
	3/3/2014	EVANSTON INS CO	GENERAL LIABILITY		12	25%	10		Premium: \$11,868.00 Policy Fee: \$724.72 Broker Fee: \$0.00 Tax/Stamp: \$0.00 Inspection: \$0.00
TOTAL PREMIUMS									\$12,592.72

TOTAL PREMIUMS	DOWN PAYMENT	UNPAID BALANCE	DOC. STAMP TAX <small>Applicable in Florida only</small>	AMOUNT FINANCED <small>Amount of Credit provided to you or on your behalf</small>	FINANCE CHARGE <small>The dollar amount the credit will cost you.</small>	TOTAL OF PAYMENTS <small>Amount you will have paid after you have made all the scheduled payments.</small>	ANNUAL PERCENTAGE RATE <small>The cost of your credit as a yearly rate.</small>
\$12,592.72	\$3,691.72	\$8,901.00	\$0.00	\$8,901.00	\$527.22	\$9,428.22	14%

Payment Schedule: Your payment schedule will be:	Number of Payments	Amount of Payments	When Payments are Due	
	9	\$1,047.58	First Due Date	Monthly Due Date*
			4/3/2014	3rd

*Subsequent payments are due on the same day of each succeeding month.

Prepayment: The insured may prepay in full at anytime subject to the maximum, non-refundable service fee(s) permitted by applicable law. If the insured prepays in full, the insured will receive a refund of the unearned finance charge, calculated according to the Rule of 78's or the actuarial method as provided by applicable law. Minimum refund is \$1.

Security Interest: The Insured assigns to CAPITAL as security for payment of this Agreement, all sums payable to the Insured with reference to the Policies listed above including among other things, any gross return premiums and any payment on account of loss which results in reduction of unearned premium in accordance with the terms(s) of said Policies.

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT: To help the Federal government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person or entity that opens an account with the financial institution, including any extension of credit or other financial services product. We will require such information as we deem reasonably necessary to allow us to properly identify you, such as your name, address, FEIN or SSN.

1. DO NOT SIGN THIS AGREEMENT UNTIL YOU READ BOTH PAGES OF THE AGREEMENT AND FILL IN ANY BLANKS. 2. YOU ARE ENTITLED TO A COMPLETELY FILLED IN COPY OF THIS AGREEMENT AT THE TIME YOU SIGN IT. 3. YOU UNDERSTAND AND HAVE RECEIVED A COPY OF THIS AGREEMENT. KEEP IT TO PROTECT YOUR LEGAL RIGHTS. 4. UNDER THE LAW, YOU HAVE THE RIGHT TO PAY OFF IN ADVANCE THE FULL AMOUNT DUE AND UNDER CERTAIN CONDITIONS TO OBTAIN A PARTIAL REFUND OF THE FINANCE CHARGE. 5. SEE PAGE TWO FOR IMPORTANT INFORMATION.

REPRESENTATIONS AND WARRANTIES:

The undersigned Agent and Insured have read the Representations and Warranties on page two and make all such representations and warranties recited therein and agree to be bound by the terms of this Agreement. The Insured further acknowledges that upon satisfactory completion of the Agreement, the undersigned Agent may receive a fee from CAPITAL for the administration of this Agreement as allowed by applicable law.

All Insureds must sign as named in policies. If corporation, authorized officers must sign, if partnership, partner should sign, as such, signatory acting in representative capacity represents that all Insureds have authorized this transaction and have authorized signatory to receive all notices hereunder. By signing below each Insured jointly and severally agrees to make all payments required by this Agreement and to be bound by all provisions of this Agreement, including those on page two. You are not required to enter into an insurance premium financing arrangement as a condition to the purchase of any insurance policy.

(Signature of Agent) _____ (Signature of Insured) _____ (TAX ID/FEIN *Required by law)

(Title) _____ (Date) _____ (Printed Name & Title) _____ (Date) _____

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