



Surprise!
You Probably Have Holes in Your
P&C Coverages!

PRESENTED TO:



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Agenda



☰ Coverages Available for the Automobile Dealer Industry

☰ Key Coverages

☰ Market Availability

☰ Recommendations

☰ Q&A



I. Coverages Available



Coverage	Description
1. Property	Buildings owned or leased, business personal property, improvement's & betterments as well as business income.
2. Inland Marine	Generally covering “property in transit” or “off-premises.” Tools, equipment, electronic data processing (EDP) and goods in transit are typically insured on an Inland Marine policy due to broader perils.
3. Auto Dealers Coverage <ul style="list-style-type: none">• Garage Liability• Garage Keepers• Dealers Open Lot / Dealers Physical Damage	<ul style="list-style-type: none">• Garage Liability: Provide protection from third party liability claims as a result of the business including “premises” operations; also known as automobile and general liability respectively.• Garage Keepers: Damage that can occur to customers' vehicles left with the dealership for servicing or repairs• DOL: Physical damage coverage applies to the your owned automobiles, not customers' cars, and applies to cars held for sale and those used in the business
4. Umbrella Liability	Provides insurance limits in excess of underlying general liability, automobile liability, employers liability, and/or other scheduled liability policies
5. Workers Compensation	Covers injuries sustained by employees while on the job

I. Coverages Available



Coverage	Description
6. Cyber Liability	Coverage for allegations of patent infringement, virus introduction, violation of confidentiality, loss of reputation and more.
7. Management Liability <ul style="list-style-type: none">• D&O• EPLI• Fiduciary• Crime	<ul style="list-style-type: none">• D&O: Covers the corporate directors and officers against claims that are usually brought by stockholders and that allege loss of value because of mismanagement by the officers and directors• EPLI: Covers legal costs to defend claims against sexual harassment, wrongful termination and discrimination, and the indemnity awards for such acts• Fiduciary: protects trustees and fiduciaries of pension, welfare and employee benefits plans from personal liability under the Employee Retirement Income Security Act of 1974 (ERISA)
8. Pollution Legal Liability	Insures the pollution exposure associated with the insured's property and operations, including costs of cleanup and remedial or corrective action due to a third-party demand or a government order

II. Key Coverages



1. Property Considerations

- Valuation (Replacement Cost vs. ACV)
- Beware of Co-Insurance (80%, 90%, 100%)
- Consider deductible structures – transfer or retain risk
- Flood (excluded on standard form)
- Earthquake (excluded on standard form)
- Wind Driven Rain
- Business Income Coverage needed?

II. Key Coverages



2. Inland Marine

- Broader Perils than insuring on Property Policy
- Employee Tools
- Equipment Data Processing (EDP) Equipment
- Difference in Conditions (Flood & Earthquake)

II. Key Coverages



4. Auto Dealers Coverage

A. Garage Liability

- Premises liability for land, non-owned buildings, etc
- Drive Other Car – owners' or managers without personal auto policy protection
- Owned Automobiles (loaners, service or other vehicles owned by dealer)
- Various rating methods – most popular is employees' classification by job function but can have big impact on premium

B. Garage Keepers Legal Liability (GKLL)

- Limits can be scheduled per dealership or blanket limit
- Direct or Excess basis
- Deductible opens can have material impact on premium

II. Key Coverages



C. Dealers Open Lot/Physical Damage

- Based on values of vehicles currently held in inventory
- Several underwriting methods impact premium: avg value over 12 months, highest values by quarter, reporting form, etc.
- False pretense coverage available by location or policy
- Limit can apply per dealership and be limited by vehicle

Deductibles: Can separately for collision, weather, flood & quake

- Typically per vehicle and per occurrence
- Weather deductible aggregates are becoming increasingly difficult to obtain competitively
- Consider taking more risk if losses are favorable

II. Key Coverages



7. Cyber Liability

a.) 1st Party (you)

- Notifying impacted customers
- Credit monitoring
- Public relations campaign for damage control

a.) 3rd Party

- Fees for hiring an attorney to defend against lawsuits
- Legal settlements or judgments resulting from the breach
- Costs for reissuing credit cards (for banks)
- Costs of responding to regulatory inquiries
- Government fines and penalties

II. Key Coverages



8. Management Liability

- **Employment Practices**

- Claims Made Policy Form
- Sexual Harassment, wrongful termination and Discrimination
- Defense cost can be inside or outside limits
- Should consider 3rd party coverage to be included

- **Crime**

- Employee Theft
- Employee Theft of Client Property
- Forgery & Alteration
- On Premises/Off Premises
- Computer Fraud
- Social Engineering (can be covered under cyber as well)

III. Marketplace Availability – Distribution Model



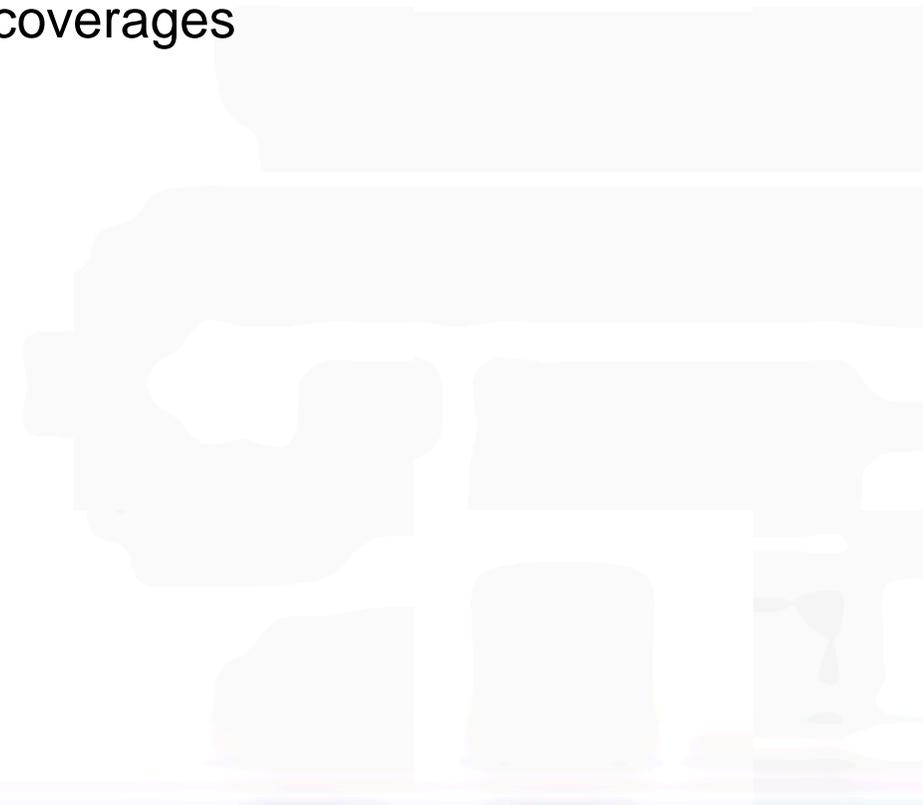
	Captive Agents	Independent Agents
Explanation:	<p>These agents represent only one company and sell their products exclusively. Buying from a captive agent ensures that you are dealing with a person who is very familiar with that company's products and is an expert in their claims process.</p>	<p>These agents work with a number of insurance companies and are not beholden to any of them. They can pull quotes and write policies from a variety of insurers, which makes it easy for them to comparison shop and find the exact coverage you need. They may specialize in a certain types of insurance and dealing with one who is familiar with your industry and your home town is always an advantage</p>
Examples:	<p>Zurich Unicover Federated Ally Insurance</p>	<p>Virginia Automobile Dealers Services Core Assurance Partners Brown & Brown USI Services Insurance Exchange</p>

Sources: Trusted Choice - <https://www.trustedchoice.com/f/p/direct-business-insurance/>

III. Marketplace Availability – Insurers/Coverage



- **Insurers impacted by significant losses on Open Lot/Phys Dam coverages**
 - Deductible levels offered in past were significant lower
 - Aggregates offered on weather deductible exposures
 - Flood coverage
- Limited insurance carriers providing stand alone “dealership” coverages
- **Appetite is more limited in coastal areas**
- **Several Programs available**
 - AmWins Dealerguard
 - RiskTheory/RiskPoint
 - AllRisks
 - Victor O'Schinnerer
 - EE Hall



IV. Recommendations



- No two quotes are created equal
- Data does the deal
- Managing claims is key
- Contracts should be reviewed for indemnity and hold harmless
- Trust your risk management partner (one broker representing your company in the overall marketplace)



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Questions/Answers?

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