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COMPANIES

*Insurance Experts Since 1972*

# An Inside Scoop to Business Insurance

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*OF NORTHEAST OHIO*

## About Your Presenter

- ✓ Third generation family-owned insurance and risk management consulting firm, serving clients nationwide.
- ✓ Provides P&C insurance services to companies, aspiring and accomplished individuals, families and professional athletes.
- ✓ Bachelors Degree from Penn State University and MBA from Case Western University Weatherhead School of Management
- ✓ Part of Crain's Cleveland Business:
  - Twenty in their 20's (2008)
  - Forty Under 40 (2017)



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## Business Insurance Requires

- ✓ *Knowledgeable Agent*
- ✓ *Access to Network of Carriers*
- ✓ *Experienced in the Industry*
- ✓ *Strong Business Acumen*



# Universe of Risk Advisors

## Independent Brokers



## Captive Agents



## Direct Response Companies



## Sample of Common Business Insurance Coverages

- ✓ *General Liability*
- ✓ *Property Coverage*
- ✓ *Product Liability*
- ✓ *Cyber*
- ✓ *Commercial Auto*
- ✓ *Workers Compensation*
- ✓ *Boiler and Machinery*
- ✓ *EPLI*
- ✓ *Directors and Officers*
- ✓ *Fiduciary Liability*
- ✓ *Professional Liability (E&O)*
- ✓ *Inland Marine*
- ✓ *Employers Liability*
- ✓ *Umbrella*



## Deciding the Right Coverages

- ✓ *Diving deep into your business operations with your insurance agent.*
- ✓ *Understanding available insurance coverage to help mitigate business risks.*
- ✓ *Defining contractual liability with clients, suppliers, tenants, and subcontractors.*
- ✓ *Implementing the insurance, business process, and contractual changes.*



## Why Insurance Review?

- ✓ *When was your last conversation with your agent?*
- ✓ *Did it extend beyond revenue and address changes?*
- ✓ *When was the last time you saw a side by side analysis of several carrier's coverage and pricing for your business?*

75%

*Percentage of U.S.  
Businesses Significantly  
Underinsured*

*Insurance Journal*

## Commonly Misunderstood Business Insurance Coverages:

- ✓ *Cyber vs Crime*
- ✓ *Home Based Business Coverage*
- ✓ *Hire Non-Owned Auto*
- ✓ *Umbrella*
- ✓ *Business Interruptions Insurance*
- ✓ *Elements of Management Liability*
- ✓ *Professional Liability*





## Cyber vs Crime

- ✓ *Cyber, Social, Crime, Data Breach, Professional Indemnity*
- ✓ *Cyber Liability - To insure loss of intangible property*
- ✓ *Crime Insurance - Protect an insured organization's assets from threat by employee or third party.*

58%

*Malware Attack  
Victims are Small  
Business*

*Verizon 2018 DBIR*

\$2.2M

*Cost of Cyber  
Attacks on Small  
Business*

*Verizon 2018 DBIR*

90%

*Cyber Attacks are  
successfully executed  
with credentials stolen  
or socially engineered  
from employees*

*Identity Management Institute*

# Cyber vs Crime Insurance

## CYBER RISK

- ✓ *Data Breach Management Expense*
- ✓ *Legal Liability & Defense Costs*
- ✓ *Social Engineering (Leading to Loss of Funds)*
- ✓ *Regulatory Investigation*
- ✓ *Loss of Income Due to Network Interruption*
- ✓ *Loss of Information Assets Due to Security Failure*
- ✓ *Cyber Extortion*

## CRIME RISK

- ✓ *Fraudulent Funds Transfers*
- ✓ *Legal Liability & Defense Costs*
- ✓ *Social Engineering (Leading to Loss of Funds)*
- ✓ *Employee Theft*
- ✓ *Forgery*

## Home-Based Business

*Homeowner's policy excludes:*

- ✓ *Business Property*
- ✓ *Business Liability (Extends Off Premise)*
- ✓ *And you may need more coverage*

50%

*US Business  
Home-based*

*sba.gov 2016*



## Hired Non-Owned Auto

- ✓ *Rented a car on a work trip*
- ✓ *Support staff picked up office supplies*
- ✓ *Driving to a conference*
- ✓ *Picking up lunch for an office meeting*





## Umbrella

- ✓ *Realizing the Impact of Liability*
- ✓ *Extends Liability Coverage over Primary Insurance Policy*
- ✓ *Inexpensive Premiums*



## Business Interruptions

- ✓ *Different Policy Definitions*
- ✓ *Direct Loss*
- ✓ *Contingent Loss*
- ✓ *Extra Expense*

40%

*Experienced a BI  
loss and claim in  
last 5 years*

*RIMS Business Interruption Survey  
2017*

CLOSED

## Management Liability

- ✓ *Crime Insurance*
- ✓ *Directors and Officers (D&O)*
- ✓ *Employment Practices Liability (EPLI)*
- ✓ *Fiduciary Liability*
- ✓ *Kidnap and Ransom Insurance*
- ✓ *Workplace Violence*



## Management Liability

- ✓ **Directors and Officers (D&O)** – Protects Directors, Officers, and Employees against financial impact from claims by competitors, shareholders, and regulators
- ✓ **Employment Practices Liability Insurance (EPLI)** – broad protection against financial impact from claims including discrimination, wrongful termination, retaliation and harassment.

1 in 4

Private Companies  
Experienced D&O  
Loss

Chubb Risk Survey 2016

7 of 10

Small Business  
Don't Carry EPL

Chubb Risk Survey 2016



## Professional Liability

- ✓ *Errors and Omissions (E&O) and Malpractice*
- ✓ *Tail Coverage*
- ✓ *Why it is different than General Liability?*



## Doing Business with Others

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- ✓ *Are your Suppliers, Clients, Vendors, Subcontractors Insured?*
- ✓ *Are you an additional insured?*
- ✓ *Contracts contain legal language on insurance coverage required and limits of liability. Who looks at your contracts from a risk perspective and determines if there are gaps? It should be your agent.*



## Commonly ~~Mis~~understood Business Insurance Coverages:

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- ✓ *Business Interruptions Insurance*
- ✓ *Elements of Management Liability*
- ✓ *Professional Liability*

## When reviewing commercial business, what do we commonly see:

- ✓ *Companies are not properly classified*
- ✓ *Coverage is not adequate – Based on a thorough discussion of business operations. Business Interruption Coverage provided by the policy would not even cover the legal fees if a claim occurred. Examples?*
- ✓ *Management Liability – Coverage is not selected*
- ✓ *Umbrella*
- ✓ *Cyber & Crime common misunderstandings around where social engineering is covered*
- ✓ *Property – Betterments and improvements.*



## What does a Broker Need to Quote?

- ✓ *Expiration Date*
- ✓ *Current Policies*
- ✓ *Completed Application*

*It's important to find a broker who is experienced, knowledgeable, and is willing to help should a claim arise.*



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**At Brunswick Companies, we believe in protecting our client's aspirations and achievements as they evolve.**



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Questions?



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