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INSURANCE 101 For Startup Companies

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Intro of USI & Chubb

USI

- From many great individuals USI has become one unique industry leader. USI began in 1994 with a single office of \$6.5 million of revenue and 40 associates. Today, USI is approaching \$2 billion in revenue with more than 6,000 associates in over 150 offices across the country.
- USI has served over 150,000 clients meeting their property & casualty, employee benefit, personal risk and retirement needs nationwide. We have more than 100 years of consulting and brokerage experience through our acquired agencies, with local offices dating back in their communities as far as the late 1800s. USI combines industry leading national capabilities delivered through longstanding, passionate and committed local service teams. USI stands for Understand, Service and Innovate. At USI we work to Understand the specific needs of our clients, to provide an unparalleled local Service experience, and to Innovate with cutting edge solutions so our clients can continue to invest and grow.
- The power of USI, and our ability to bring best-in-class solutions and services to our clients and our communities, is achieved through the collective knowledge and experience of our professionals coming together as ONE.



CHUBB

Chubb is the world's largest publicly traded property and casualty insurer, providing commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance and life insurance.

- As an underwriting company, we assess, assume and manage risk with insight and discipline.
- We service and pay our claims fairly and promptly.
- We operate in 54 countries and territories, with approximately 31,000 employees serving a diverse group of clients worldwide.
- We are a global leader in traditional and specialty P&C coverage for industrial commercial and mid-market companies.
- We are the leading commercial lines insurer in the U.S. and the largest financial lines provider globally.
- Our claims handling service is renowned for its quality, promptness and fairness.
- We provide industry-leading loss control services and employ more than 400 risk engineering professionals who serve commercial clients in the U.S. and globally.



OUR ROLES

- USI as the broker – we work for our client. Our job is to learn everything about the company and evaluate the exposure to risks and determine how to mitigate those risk. In most cases that means approaching insurance carriers like Chubb to underwrite your risk and then they offer us an insurance product allowing you to transfer the risk to them for a known, predictable premium.
- Carrier – Our Underwriters work with distribution partners that range from independent agents to regional and national brokers. We utilize information from our loss control engineers and our agent/broker partners to determine the best program for our customer.



- Steps to take as you head toward commercialization - We often hear the phrase “insurance is a necessary evil.” Certainly, we are all glad it is necessarybut, we beg to differ on the evil part!
- We look at it completely differently - Doing our job well allows smart people like you to realize your dream. If the insurance market did not exist to help protect you and your stakeholders from the consequences, financial and otherwise, of your risk – innovation could not happen.
- As a startup you need to assess the risk your operations present to the public, employees, your company and stakeholders.



KEY Description & Coverage Example

The most common types of commercial insurance are property, liability and workers' compensation. In general:

- Property insurance covers damages to your business property;
- Liability insurance covers damages to third parties;
- Workers' compensation insurance covers on-the-job injuries to your employees.

Depending on your business, you may want additional specialized coverages. Listed on the following pages are different types of business insurance.



GENERAL LIABILITY

General Liability - The general liability insurance definition refers to a plan that insures your business against lawsuits due to bodily injury, personal injury, property loss or advertising injury.

If a complaint goes to court, your insurance benefits would pay for your legal fees and for damages awarded to the plaintiff.

General liability insurance secures your business's financial assets when you are involved in litigation due to an accident or mishap.



PROPERTY INSURANCE

Property Insurance - Business property insurance is something every company needs – whether you own your own building, lease or work from home.

One of the core coverages in a business owners policy (BOP), commercial **property insurance** protects your building and its contents, as well as exterior fixtures, such as a fence or outdoor sign.



CYBER LIABILITY

Cyber Liability - cyber liability insurance is a **policy designed to protect an insured business against the risks associated with online activities.**

These risks may include getting sued for transmission of a virus or accidentally posting personal client information on the web or defaming a third party on your company blog or a social network.

ERRORS & OMISSIONS/ PROFESSIONAL LIABILITY

Errors & Omissions / Professional Liability - Professional liability insurance, also called professional indemnity insurance but more commonly known as errors & omissions in the US.

Liability insurance which helps protect professional advice- and service-providing individuals and companies from bearing the full cost of defending against a negligence claim made by a client, and damages awarded in such a civil lawsuit.

The coverage focuses on alleged failure to perform on the part of, financial loss caused by, and error or omission.



WORKERS COMPENSTAION

Workers Compensation - Workers' compensation is a form of **insurance** providing wage replacement and medical benefits to employees injured in the course of employment in exchange for mandatory relinquishment of the employee's right to sue their employer for the tort of negligence.



MANAGEMENT LIABILITY

Management Liability Insurance is a **comprehensive insurance product** that has been designed specifically for private companies and their directors and officers.

It combines Directors and Officers Liability Insurance with several other policies, to provide a broad range of cover for management under the one policy.



Two important management liability coverages are below

- ❖ **Directors & Officers Liability** Directors and officers liability Insurance is liability insurance payable to the directors and officers of a company, or to the organization(s) itself, as indemnification for losses or advancement of defense costs in the event an insured suffers such a loss as a result of a legal action brought for alleged wrongful acts in their capacity as directors and officers. Such coverage can extend to defense costs arising out of criminal and regulatory investigations/trials as well; in fact, often civil and criminal actions are brought against directors/officers simultaneously. Intentional illegal acts, however, are typically not covered under D&O policies.
- ❖ **Employment Practices Liability** Insurance (EPL) insurance is a type of coverage that protects businesses from the financial consequences associated with a variety of **employment**-related lawsuits.



The next step is to engage an insurance broker like USI to learn everything possible about your business and determine the appropriate coverages, limits & deductibles. As the broker we will approach an insurance carrier to underwrite the exposures and transfer the risk from you to them.

Importance to work to determine the true exposures and build a program with a foundation to grow with the company – i.e. – don't buy generic off the shelf coverage to suit your needs now -