



Ogilvy & Ogilvy

Insurance ♦ since 1924

Insurance for Movers

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April 16, 2009

SESSION TOPICS

- Brief Introduction of who we are and what we do in the moving Industry
- State of the insurance market and why it is important for you to understand how it works
- The key components that make up your insurance buy
- Important coverage considerations (Limits vs Contract wording)
- What are your true claims costs and how do they affect your bottom line
- Concentrating on key components to raise your risk profile in the eyes of the insurer
- Controlling your international exposures
- Important coverage that is often overlooked





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Insurance ♦ since 1924

- Insurance Brokerage established in 1924
- Employ over 50 professionals
- Offices in Toronto and Montreal
- Represent over 10,000 customers
- Represent Moving Companies across Canada



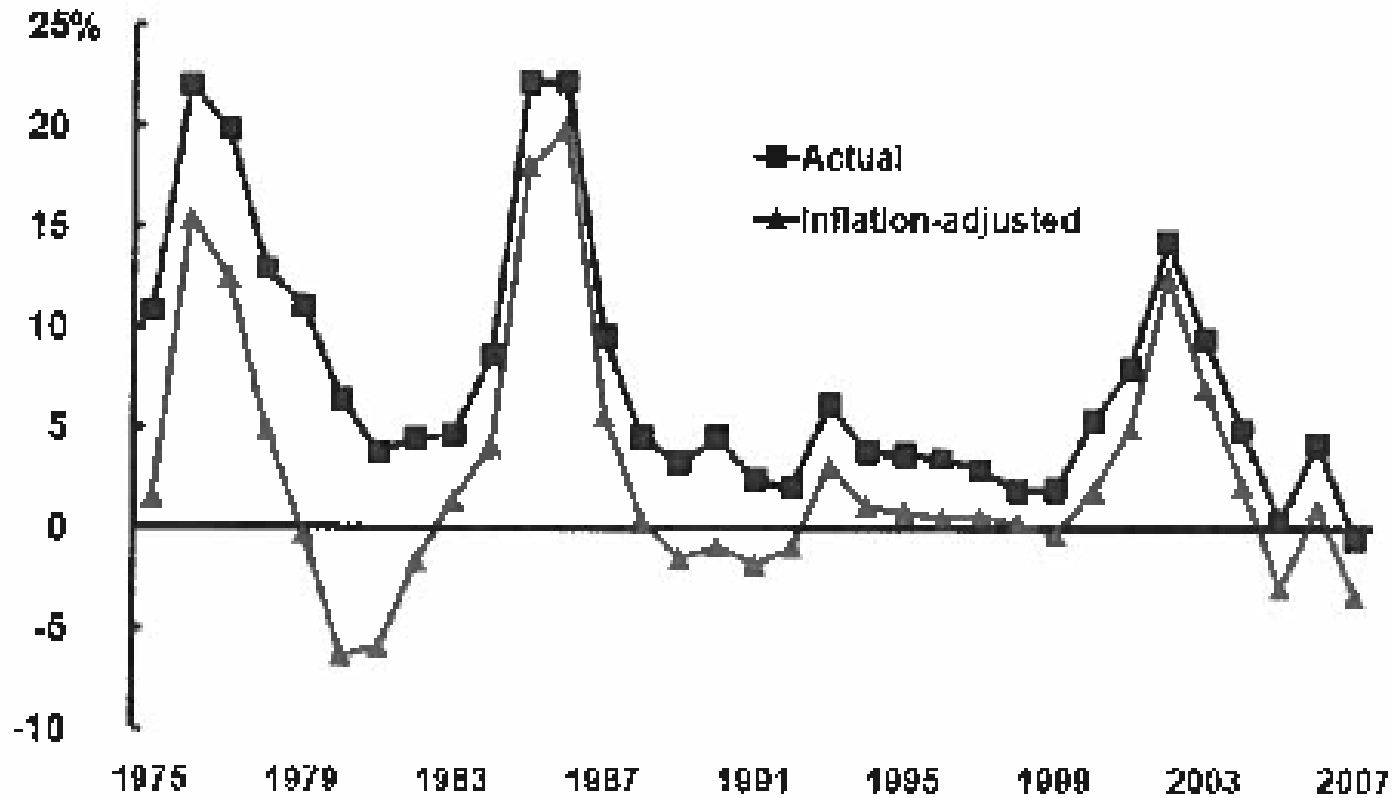
STATE OF THE INSURANCE MARKET

- Market moves in cycles despite your own loss history
- Cycles tend to last 6 to 10 years
- What is the trend for the next 12 to 18 months?



GROWTH IN NET PREMIUMS WRITTEN, PROPERTY/CASUALTY INSURANCE, 1975-2007 (1)

(Percent change from prior year)



(1) Excludes state funds.

Source: ISO.



ISSUES FACING MOVERS

- Operating trucks
- Moving industry has a poor reputation
- Considered to be seasonal (financially not as stable as other industries)
- Very few Insurers interested in the moving business
- Very few brokers who know what exposures to cover off



KEY COMPONENTS OF YOUR INSURANCE BUY

- Drivers of premium costs
 1. Fleet
 2. Cargo
 3. Warehouse Legal Liability
 4. Property & Business Interruption
 5. General Liability
 6. Umbrella Liability



IMPORTANT COVERAGE CONSIDERATIONS (NOT ALL POLICIES ARE THE SAME)

CARGO

- Cargo coverage highlights
 - What is the definition of SIT
 - “Mysterious Disappearance” often excluded
 - Coverage is limited to List of Vehicles supplied
 - Furs, Jewelry, Coin Collections are specifically excluded
 - Damage caused by Vermin is excluded
 - Cargo Loss due to Employee Dishonesty
 - Movers Equipment is excluded
 - Locked Vehicle Warranty
 - Pairs and Sets Limitation
 - Damage caused by Change in Temperature
 - Ability of Claims settlement
 - Proper Limit



Motor Truck Cargo Liability Policy
MARKEL INSURANCE COMPANY OF CANADA
 Head Office - Toronto, On.

Policy No.: 2011634
 Agent/Broker:

Broker Code: 4752

In consideration of the premium, and subject to all the terms and conditions of the policy, it is agreed that the insurer shall provide coverages as stated in the policy wording attached to and forming part of this policy.

DECLARATIONS

1. Named and address of Insured:

2. Policy Term:

Policy Period From	Year 07	Month 04	Day 21	To	Year 08	Month 04	Day 21	12:01 AM Standard Time, at your address shown above
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3. Limits of Insurance:

CARGO LIMIT \$250,000	CATASTROPHE LIMIT \$280,000	DEDUCTIBLE \$ 5,000	Terminal Legal Liability Limit Any One Location \$250,000
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4. Coverage Form:

ALL RISK (X) NAMED PERILS () OWNED CARGO () NON OWNED (X)

5. Location of All Premises/Terminals, You Own, Rent, Lease or Occupy:

SAME AS ABOVE

6. Cargo Coverages:

Description of Cargo Carried PRINCIPALLY:	Limit of Liability if Different from above	Premium Basis	Rate	Advanced Premium
Household Furniture	N/A	N/A	N/A	

7. MINIMUM PREMIUM N/A

TOTAL PREMIUM

COUNTERSIGNED ON: _____
 (Date)

By: 
 (Authorized Representative)

TRUCKMEN'S CARGO LIABILITY INSURANCE

In consideration of the payment of the premium stated in the declarations of this Policy, the Insurer agrees to the following with the Insured named in article 1 of the said declarations.

PART I - INSURING AGREEMENTS

1. COVERAGE

The Insurer will pay on behalf of the Insured all sums which the Insured shall become obligated to pay in relation to liability which he has incurred under the Current Standard Bill of Lading, prescribed by Law at the point of Origin, as damages due to loss, injury to or destruction of property committed to his care, custody or control, as a truckman or carrier, except as hereinafter provided.

2. DEFENSE

The Insurer will have the right and the duty to:

- to make such investigation, negotiation or settlement of any claim or suit as it deems expedient, subject to the stipulations of article 3 of the general conditions;
- to defend any suit or proceeding against the Insured seeking damages payable under the terms of this Policy, even if any of the allegations of the suit are groundless, false or fraudulent, subject to the stipulations of article 3 of the general conditions;
- to pay all premiums on bonds to release attachments of an amount not in excess of the limit of liability of this Policy and all premiums on appeal bonds, but without any obligation to apply for or furnish such bonds;
- to pay all costs of investigations, defense, negotiations or settlement of claims, all costs taxed against the Insured in any suit, reimburse all reasonable expenses incurred by the Insured, at the Insurer's request, and all interest accruing after entry of judgement for in those jurisdictions where statute prescribes interest from some other date, from such prescribed date; upon that part of the judgement which is within the limits of liability of the Insurer.

3. TEMPORARY STORAGE IN TRANSIT

This Policy only covers the legal liability of the Insured for damage due to loss, injury to or destruction of property in temporary storage incidental to transportation, but only while in due course of transit, and in no event to exceed the period of time for which the Insured is liable as a carrier or truckman up to a maximum of 30 days.

4. APPLICATION OF COVERAGE

Coverage granted under this Policy applies only to liability for events or accidents which have taken place during the Policy period, within Canada, continental United States of America, or upon a vessel plying between ports of those countries. This Policy shall protect each person, firm, corporation, or other entity named as a "Named Insured" as though a separate Policy had been issued to each. The Insurer's limit of liability shall not be increased by or because of the inclusion of more than one person, firm, corporation or other entity as an Insured.

5. AMOUNT OF INSURANCE

The amount of insurance stated in the declarations shall be considered the total limit of liability of the Insurer for all claims resulting from one single accident or event. It is understood that costs and expenses incurred under insuring agreements numbers 2a, 2b, 2c, 2d will be paid in excess of the amount of insurance.

6. DEDUCTIBLE

For all claims against the Insured as a result of one single accident or event, the obligation of the Insurer under insuring agreement number 1 will apply to the extent that the final sum payable under this Policy, including general average and salvage charges, will be restricted to the amount in excess of the deductible stated in the Declarations.

PART II - EXCLUSIONS

This Policy does not apply to any liability resulting from:

- Injury to, loss or destruction of real property.
- Injury to, loss or destruction of property belonging to, leased to, or rented to the Insured, *EXCLUDED*.
- The existence, use, or the maintenance by or on behalf of the Insured of any watercraft or aircraft owned by the Insured.
- Any occurrence intentionally caused by or at the direction of:
 - an individual, if such individual is the Named Insured, or *EXCLUDED - IN HAND*
 - a Partner, if the Named Insured is a partnership, or *EXCLUDED - BUT INSURED'S DRIVER*
 - an Executive Officer or Director, if the named Insured is a corporation, or *EXCLUDED*.

- iv) an insured other than the Named Insured, however, in such an instance, protection shall extend to the Named Insured.
5. War, invasion, act of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, or confiscation, or nationalization, or requisition, or destruction of, or damage to property by or under the order whether official or not of any government or public or local authority
6. Delay, loss of use, loss of market.
7. Gradual deterioration, moth or vermin. ~~4~~
8. Injury to, loss or destruction of accounts, bills, deeds, evidences of debt, money, notes, securities, precious metals, precious stones, jewellery, livestock, valuable papers or records. ~~4~~
9. The neglect of the Insured to use all reasonable means to save and preserve and after any disaster insured against, or when the property for which he is liable be endangered.
10. Nuclear reaction or nuclear radiation or radioactive contamination whether controlled or uncontrolled and whether such injury, loss or destruction be direct or indirect, proximate or remote but subject to the foregoing, the Insured's liability for loss by fire resulting from nuclear radiation or reaction or radioactive contamination is insured against.

PART III - GENERAL CONDITIONS

1. **DEFINITION OF THE WORD INSURED**
The unqualified word "Insured" includes the Named Insured and any partner, executive officer, director, stockholder or employee of the Named Insured, while acting within the scope of his duties as such.
2. **MISREPRESENTATION AND FRAUD**
This entire Policy shall be void if, whether before or after a loss, the Insured has concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the Insured therein, or in case of any fraud or false swearing by the Insured relating thereto.
3. **NOTICE OF CLAIM AND COOPERATION**
 - (1) As soon as the Insured is aware of a circumstance which might give rise to a claim under this Policy, or as soon as a claim is made against the Insured, he will immediately advise the Insurer.
 - (2) If legal proceedings are attempted against the Insured, the latter will immediately remit all documentation to final effect to the Insurer.
 - (3) Whenever required by the Insurer, the Insured will cooperate, except monetarily, for the purpose of obtaining information or for the purpose of settling or defending any claim.
4. **SETTLEMENT OF CLAIMS**
The insured shall not voluntarily assume any obligation, settle any claim or make any payment without the consent of the Insurer, who will have the right to take over and handle in the name of the Insured the defense of any claim. The Insurer, however, shall have the right to settle any claims or suit at any time, and the Insured agrees, by the acceptance of this contract, to reimburse the Insurer the Deductible amount as per insuring Agreement number 6.
5. **NO BENEFIT TO BAILEE**
The insurance shall in no way ensure directly or indirectly to the benefit of any bailee or other bailee other than the Insured.
6. **SUE AND LABOUR**
In case of loss, it shall be lawful and necessary for the insured, his or their factors, servants and assigns, to sue, labour, and travel for, in and about the defense, safeguard and recovery of the property for which the Insured is liable hereunder or any part thereof, without prejudice to this insurance, nor shall the acts of the Insured or the Company, in recovering, saving and preserving the property for which the Insured is liable hereunder in case of loss be considered a waiver or an acceptance of abandonment. Reasonable expenses so incurred shall be borne by the Insured and the Insurer proportionately, to the extent of their respective interests.
7. **SUBROGATION**
In the event of any payment by the Insurer under this Policy, the Insurer shall be subrogated (up to the amount of such payment) to the Insured's rights of recovery therefore against any third party.
8. **OTHER INSURANCE**
If there is other insurance against a loss covered by this Policy, the present insurance shall be deemed excess insurance and shall not be called upon in contribution.
9. **CONFORMITY TO STATUTE**
Terms of this Policy which are in conflict with the laws or statutes of any province, state or country wherein coverage applies are hereby amended to conform to such statutes or laws.

No Excess
Amount Applies
to Settlement Claim

IMPORTANT COVERAGE CONSIDERATIONS (NOT ALL POLICIES ARE THE SAME)

WAREHOUSE LEGAL LIABILITY

- Warehouse Coverage Highlights
 - “Mysterious Disappearance” often excluded
 - Furs, Jewelry, Coin Collections are specifically excluded
 - Damage caused by Vermin is excluded
 - Damage caused by Change in Temperature
 - Pairs and Sets Limitation
 - Issues with Storage in Van
 - Documentation is critical
 - Ability of Claims settlement
 - What is the proper Limit



IMPORTANT COVERAGE CONSIDERATIONS (NOT ALL POLICIES ARE THE SAME)

BUSINESS INTERRUPTION

- There is a need to cover 3 types of potential loss
 - Highest concentration of Revenue risk is your Warehouse
 - The added cost of getting back in business after a loss occurs (Extra Expense Coverage)
 - Rental Income



CLAIMS COSTS

- Direct vs Indirect
- Claims protocol (Internal / External)



Not all costs are direct

The direct and indirect costs

Direct Costs:

- Cargo damage
- Vehicle damage
- Cost of injuries
- Medical costs
- Loss of revenue
- Administrative costs
- Police report
- Possible effect on insurance prices
- Possible effect on worker's compensation insurance
- Towing costs
- Storage costs for damaged vehicles
- Litigation and/or settlement costs

Indirect (Hidden) Costs:

- Lost clients/customers
- Lost sales
- Meetings missed
- Salaries paid to employees involved in crash
- Lost time at work
- Cost to hire/train replacement employees
- Supervisor's time
- Loss of personal property
- Cost of replacement vehicle rental
- Damaged equipment downtime
- Accelerated depreciation of equipment
- Crash reporting
- Medical costs paid by company
- Poor public relations/publicity
- Increased public relations costs
- Government agency costs



A loss can cost your business much more than the dollar value paid out by your insurance company.

LOSS IMPACTS YOUR BOTTOM LINE

The cost of any loss will have a direct impact on your bottom line.

For example, an incident that appears to cost \$25,000 will actually require a trucking company to generate another \$1.25 million in revenue at an annual profit margin of two percent.

Your insurance policy typically covers many direct costs, but you are on the hook to pay for some direct costs and many indirect costs.

Yearly Accident Costs	Profit Margin				
	1%	2%	3%	4%	5%
\$1,000	100,000	50,000	33,000	25,000	20,000
5,000	500,000	250,000	167,000	125,000	100,000
10,000	1,000,000	500,000	333,000	250,000	200,000
25,000	2,500,000	1,250,000	833,000	625,000	500,000
50,000	5,000,000	2,500,000	1,667,000	1,250,000	1,000,000
100,000	10,000,000	5,000,000	3,333,000	2,500,000	2,000,000
150,000	15,000,000	7,500,000	5,000,000	3,750,000	3,000,000
200,000	20,000,000	10,000,000	6,666,000	5,000,000	4,000,000



MANAGING YOUR CUSTOMER'S EXPECTATIONS

- The best performing movers tend to handle as many “claims” as possible internally.
- Speed of resolution has long term impacts on customer retention and repeat business
- Speed of resolution has direct impact on final loss amounts paid
- Long term improvement on Cargo and Warehouse premiums paid



RAISING YOUR RISK PROFILE

- Pick a renewal date that makes sense
- Business management
 - Safety Manual / Employee manual
 - Procedures Manual including how customer documentation is handled
- Loss History
- Loss Prevention
- Regular Driver Meetings
- Brief summary of why you think you are a better operator than your peers



COVERAGE OFTEN OVERLOOKED

- Directors & Officers Liability
- Employment Practices Liability
- Environmental Liability



CONCLUSION

- Insurance market fluctuates in cycles lasting 6 to 10 years with the last “hard market” peak in 2003
- We looked at the key components of your insurance buy
- We made the distinction that although you may have proper limits, the contract wording behind the limit is critical to cover off what movers are really exposed to
- We looked at what effect the cost of claims (Direct and Indirect) has on the overall financial well being of your company
- With the above in mind we highlighted some ways whereby you can get better bang for your insurance premium dollar by employing some simple strategies
- We also touched on some important issues you need to consider on the international moving front as well as some other types of coverage that you may or may not know exist





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