

# “YOU FILE.” “NO, YOU FILE.”

**WE’VE BEEN HEARING** more stories about Virginia agents placing coverage with non-admitted companies, either directly with the company, or through an out-of-state wholesaler, only to run into problems getting the surplus lines tax filed.

**THE PROBLEM** comes up, most often, because the agent either was not told that the company was non-admitted or was not told that it would be the agent’s responsibility to file the taxes with the Bureau of Insurance. The difficulty is that, once the coverage has been bound, it’s too late to fix. The Virginia Bureau of Insurance requires that taxes be filed by the licensed surplus lines broker who actually procured the insurance. If you bound coverage, it’s

been procured. If you’re not licensed, you’re in the position of having to write a check to the Bureau and send it along with a letter telling them that you placed coverage without being properly licensed and throwing yourself on the mercy of the regulators.

**TRUST US,** it’s much better to avoid this problem, in the first place than it is to try to extract yourself from it. How? Know your markets. Don’t accept a quote without knowing precisely what company coverage will be written with. If you don’t know for a fact whether a company is admitted or non-admitted, find out. Don’t assume that somebody else will file the tax – ask the question. If you find out that taxes need to be filed and you’re not properly

licensed yourself, you can often make arrangements to have a licensed broker inserted into the transaction to procure the coverage on your behalf. Or, you can secure coverage elsewhere. But, the key is, you’ve got to be proactive and find a solution before coverage is bound.

**OF COURSE,** you won’t have any tax-filing problems if you place your non-admitted admitted business with Landers Underwriting. We’re properly licensed surplus lines brokers in Virginia, Maryland and the District of Columbia.

**WE’LL FILE.**

## WHO’S WATCHING THE KIDS?

**WE’RE SEEING RENEWED INTEREST** in liability coverage for day-care and pre-school facilities. Landers Underwriting provides multiple markets, each with varying appetites and capabilities, to respond to the differing needs of child-care providers.

**WE PROVIDE COVERAGE** to both in-home and commercial operations. Certainly, proper state licensing is required and we want to see proper ratios of teachers and/or caretakers to children. Those ratios will vary, according to the ages of the children. While one adult may be perfectly capable of caring for six 4-year-olds, it would not be acceptable for that single caretaker to try to handle six infants.

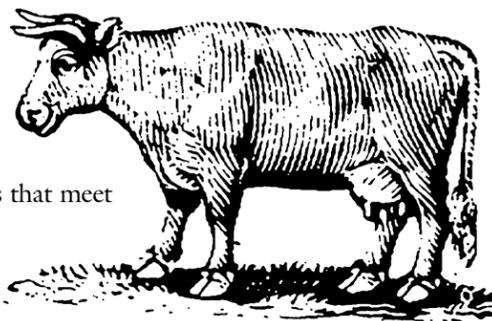
**COVERAGE IS AVAILABLE** including Professional Liability and with Abuse or Molestation sub-limits. Proper background checks on employees must be performed if the Abuse/Molestation extension is to be offered. Also, it should be understood that this coverage does not apply to claims of abuse by an individual operator of a day-care facility; only to claims alleging abuse by an employee.

**THE UNIQUE NATURE** of the potential exposures presented by child-care facilities mandates the use of very specific applications. ACORD applications just won’t do the job. We’ll want to know about basic safety considerations such as playground equipment, water hazards and pets on the premises. You can find the applications at [www.landersonderwriting.com](http://www.landersonderwriting.com).

## KEEP MANHATTAN, JUST GIVE ME THAT COUNTRYSIDE

**IT’S TIME** for us to remind producers of another advantage offered by Chubb’s Masterpiece homeowners policy: coverage for “incidental farming”. When you think about Chubb’s target market for their Masterpiece product, it makes sense. They’re aiming towards the owners of high value residences, and it isn’t unusual for these folks to live as “gentlemen farmers”. A couple of horses in the paddock. A dozen head of belted cattle to decorate the pasture. A flock of sheep on the hillside.

**WHILE THESE FOLKS** may derive income (and tax breaks) from their agricultural pursuits, it’s not their primary source of income, by any means. Chubb extends its policy to cover farming activities that meet all of the following requirements:



- ◆ Is incidental to the insured’s use of the premises as his residence
- ◆ Does not involve employment of others for more than 1,000 hours of farm work during the policy period
- ◆ Does not produce more than \$2,500 in gross annual revenue from horticultural operations

With respect to raising or care of animals:

- ◆ Does not produce more than \$25,000 in annual revenues
- ◆ Does not involve more than 10 sales transactions during the policy period
- ◆ Does not involve the sale of more than 25 animals during the policy period

**THERE’S AN ALTERNATIVE** to the dilemma of whether to sell your client a farmowners policy or leave them with questionable coverage under a standard homeowners policy. The Chubb Masterpiece is available to all Landers Underwriting producers. An application is available at [www.landersonderwriting.com](http://www.landersonderwriting.com).

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## DO BOATS LIKE THIS SINK OFTEN?

{ONLY ONCE.}

**THE 2002 BOATING SEASON** is well underway and, although call volume is heavy, our service center is geared up to handle your submissions.

**WE’LL PROVIDE** hull and liability coverages with a Best’s A-rated carrier for a wide variety of boats – houseboats, personal watercraft, pontoons, water-ski boats, jet, bass and high-speed performance boats. We specialize in responding to difficult situations, such as operators with MVR problems, old or homemade boats and wooden hulls.

**COMMERCIAL MARINE RISKS** are another area of specialization. We can handle rental operations, tour boats, charter vessels and owner-operator risks.

**TO ACCESS OUR BOAT PROGRAM,** all you have to do is call 1-800-236-2637 and identify yourself as a Landers Underwriting producer.

**OH YEAH,** did you hear about the guy who was so rich that he bought a new yacht because the old one got wet? You did? Oh.



## IT'S A JUNGLE OUT THERE

**ENRON.** Tyco. Arthur Anderson. Worldcom. ImClone.

**IS IT ANY WONDER** that Directors & Officers liability on for-profit corporations is undergoing massive re-underwriting and insureds are seeing skyrocketing premiums, increased deductibles and more restrictive policy terms?

**IF THE FAILURES** of the dot-coms and the over-blown IPOs weren't bad enough, more recent instances of corporate failures, followed by charges of executive malfeasance, have led to great turbulence in the D&O market.

### CONSIDER:

- Securities class-action settlements have more than doubled between 1995 and 2000, to \$4.4 billion.
- Average damage awards for class-action claims grew from \$25 million to \$200 million during that same period.
- The average settlement of a shareholder suit in 2000 was \$14 million, an increase from \$12.9 million in 1999, and from \$9.3 million average for the 1991 to 2000 period.
- A recent survey by Tillinghast-Towers Perrin showed D&O premiums increasing by 29% in 2001 from those of the previous year.

**IF YOU BEAR IN MIND** the general increase in reinsurance costs in the past year and the more recent mega-failures, you'll understand that it isn't going to get easier. Make no mistake, SEC regulation will tighten. Politicians and policy-makers will not tolerate continued job losses, pension fund failures and diminishment of investor confidence.

**LANDERS UNDERWRITING** continues to provide a market for D&O coverage to for-profit firms that are well-run, produce a profit for stockholders, and maintain high accountability and transparency standards for proper financial disclosure. The very same reasons for tightened underwriting standards are why your clients ought to consider obtaining coverage, if they don't already have it.



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### INSIDE:

- ~ LETTER FROM LANDERS
- ~ IT'S A JUNGLE OUT THERE
- ~ YOU FILE. NO, YOU FILE.
- ~ WHO'S WATCHING THE KIDS?
- ~ KEEP MANHATTAN
- ~ DO BOATS ... SINK OFTEN?

# LETTER FROM LANDERS

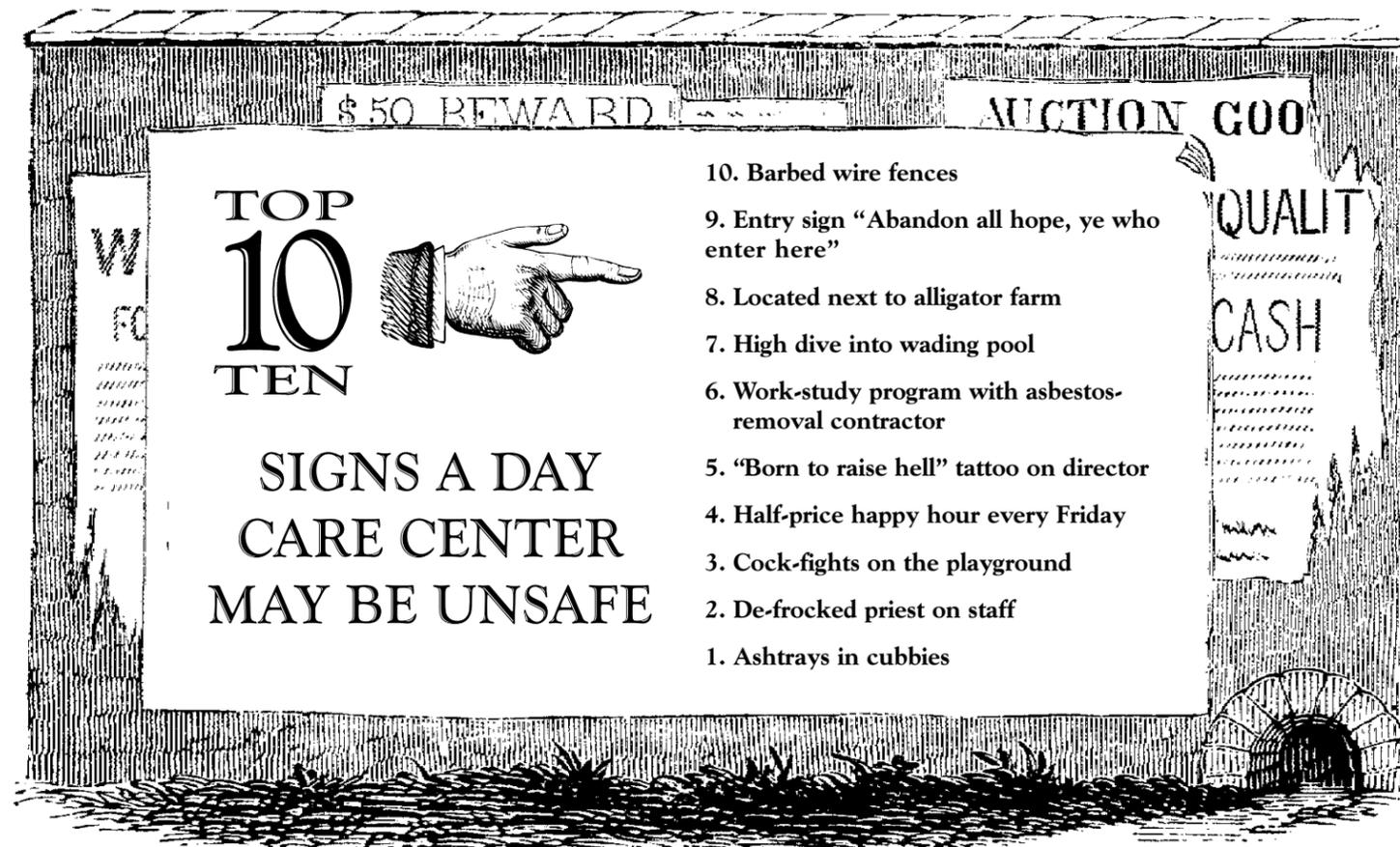
**F**RANK MCCOURT WAS THE FEATURED SPEAKER at the annual Independence Day naturalization ceremony held at Monticello this year. My wife and I sat under the hot July 4th sun and listened to his story of how the Pulitzer prize-winning author of Angela's Ashes worked to secure passage from Ireland to America, where he found work, education and served in the military during the Korean conflict. The real stars of the day, though, were the 72 adults and 9 children who took the oath of citizenship on Mr. Jefferson's west lawn. They came from all over the world, Afghanistan to Zimbabwe, and allowed the rest of us, the 1,500 spectators, to appreciate the gift of American citizenship that we were born with.

**I'VE GOT ALL OF ABOUT A DOZEN** little peachettes on my six-foot tall Red Haven peach trees. I put little plastic bags over each one, in an effort to keep them safe from the deer. After our thunderstorm last week, though, I found the bags had filled up with rainwater. So, I poked holes in the bottom of the plastic. I don't know how it's going to work out, but, man, I really want those peaches.

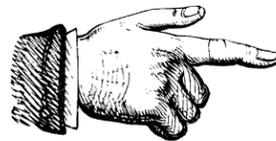
**AT THE MID-POINT OF 2002,** we're seeing an increase in premium volume of just about 50% over the 2001 level. We're all working hard to maintain the service level that you've come to expect and are grateful to our customers for your continued confidence.

**WE APPRECIATE** that the market instability is forcing many brokers to market risks more widely than they might, otherwise. We do ask, however, that if you're coming to us with a risk that's also being seen by another wholesale broker, you tell us so and help us to coordinate markets. It won't help (and will likely hurt) your client if the same application is seen by a company underwriter from multiple wholesale sources. We all need to work smart.

**NO MATTER HOW BUSY YOU ARE,** I hope you'll all work in some vacation for yourselves this summer. You work hard all year. You need it. You deserve it. Just don't forget the sunscreen.



TOP  
10  
TEN



SIGNS A DAY  
CARE CENTER  
MAY BE UNSAFE

10. Barbed wire fences
9. Entry sign "Abandon all hope, ye who enter here"
8. Located next to alligator farm
7. High dive into wading pool
6. Work-study program with asbestos-removal contractor
5. "Born to raise hell" tattoo on director
4. Half-price happy hour every Friday
3. Cock-fights on the playground
2. De-frocked priest on staff
1. Ashtrays in cubbies