

COMMUNICATIONS HAVE CHANGED radically in the insurance business in the past 24 months, now that the industry has finally discovered e-mail. In the past 12 months alone, we've made a push here at Landers Underwriting to get our agents to stop relying on the fax machine, and that has proved tremendously successful; e-mail has become our primary means of communicating with our customers. The time and cost savings have been significant, and we're very pleased with the transition. The downside, however, is training: it seems people just aren't sure of how to use e-mail.

OUR BIGGEST PROBLEM along these lines is e-mail subjects. We've seen an impressive variety of subject lines that deviate from what might be considered useful. It's not uncommon for us to receive e-mail with subjects along the lines of "Hi," "Submission," "e-mail" and "Could you do this?" None of these, as you can imagine, are particularly useful. Given the state of e-mail viruses and spam, any one of these messages could be just about anything. Hypothetically, a single message with a poor subject line isn't much of a problem - after all, we can always open up the message and read the contents...provided that our virus-protection software is up to date. It's when sorting through thousands of these that we have difficulty. We'd like to be able to sort our e-mail by subject and be able to see every message regarding a single account, without any hunting around required. This continuity is essential.

THE BEST METHOD OF ESTABLISHING an unbroken chain of communications is to have the insured's name serve as the subject line of e-mail messages, followed by the policy number. Doe, Jonathan . - ABC123456. Smith's Cleaning - XYZ123456. Paint Store, The - LMNOP-1204. These are all good and helpful subject lines that make storing and sorting mail, for both us and you, a much simpler task.

WHO NEEDS D&O?

WHY WOULD A PRIVATELY-HELD CORPORATION POSSIBLY WANT TO BUY DIRECTORS & OFFICERS LIABILITY?

EXAMPLE #1:

The insured is a small, family-owned insurance agency. The board allows a vice-president to set up an adjusting firm. The vice-president pays a management fee for use of the insured's offices, bookkeeper, receptionist and equipment. A shareholder sues each of the 5 board members, accusing them of not acting in the best interests of the agency by allowing the vice-president to set up a separate firm and personally profit from revenues that should have gone to the insured.

EXAMPLE #2:

An insured's major customer begins to fall behind in their payments. The insured's president reports on the problem at the regular board meeting, but continues to make shipments

and extend credit, with no objection from other board members. The customer eventually files for bankruptcy, leaving the insured with an uncollectable debt and a drop in revenues that place the insured in violation of certain loans. The insured is then forced to default on payments due. The bank sues each board member charging that the board acted improperly by not investigating their customer's financial condition and business practices prior to extending credit.

EXAMPLE #3:

The insured decides to expand and acquires a small company in a related field. After operating the newly acquired company for several months, the insured realizes that poor accounting and collection procedures have been in place for some time and sales

projections were unrealistic. The decision to acquire the company and the purchase price were based on faulty information. A concerned shareholder consults a CPA experienced in buying and selling small businesses and decides that the insured paid too much. The shareholder sues each of the insured's board members for making an uninformed decision and failing to substantiate the seller's information by consulting appropriate experts.

EXAMPLE #4:

The president of a printing shop personally purchases a paper distributing company. Although the printer's distributor has an excellent reputation and a 10 year track record with the printer, the president encourages the purchasing manager to use the new supplier for most new orders. Delivery problems appear and the new distributor is eventually unable to provide the supplies needed to complete an order for a new customer. The customer, faced with loss of revenues and loss of reputation, sues each of the board members for failing to oversee the president's improper actions.

THAT'S WHY.

THE SKINNY ON CERTIFICATES

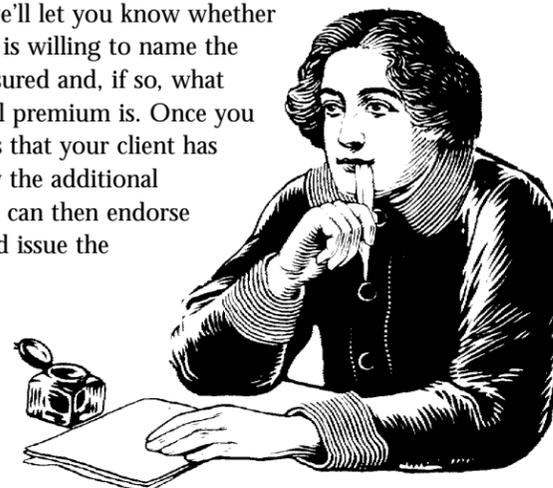
AS MUCH AS IT WOULD BE CONVENIENT for us to tell producers that they can issue Certificates of Insurance on policies placed through Landers Underwriting, we just can't do it. The key reason is because a certificate needs to be issued by an "authorized representative" of the insurance company and we can't make our producers authorized representatives of our carriers.

THAT SAID, we give high priority to issuing certificates promptly. We understand that these documents can be the key to insureds getting paid by their customers. The best way to get certificates issued quickly and correctly is to email us a request. Not a lot of detail is required, just be sure to provide the name of the insured and the name and address of the certificate-holder. If it comes to us via email, we can just cut and paste the information into the document and send the completed certificate back to you by return email, often within mere minutes.

PLEASE UNDERSTAND that we cannot issue certificates without a complete address for the certificate-holder. The point is, we're agreeing to send notice to somebody if coverage is cancelled and we can't do that without an address. Fax numbers just won't cut it.

ALSO, keep in mind that, when we're asked to name a certificate-holder as additional insured, we've got some extra steps involved. We can't issue such a certificate until the policy has actually been endorsed to include the interest of the additional insured. We'll want to know exactly what the interest is of the party to be named. Once we have full details, we'll let you know whether the company is willing to name the additional insured and, if so, what the additional premium is. Once you confirm to us that your client has agreed to pay the additional premium, we can then endorse the policy and issue the certificate.

FAIR ENOUGH?



WHAT WE DON'T WRITE

For all of the time we spend telling agents about the various types of insurance coverage that we do write, it strikes us that it might be just as (if not more) useful to provide a quick run-down on some of the lines of insurance that we don't write:

AUTO LIABILITY: No primary auto liability, whether it be private passenger vehicles, commercial fleets, garage liability, non-owned auto liability, motorcycles...

WORKER'S COMPENSATION: Not in any state. Not even stop-gap excess coverage.

LOW-VALUED HOMEOWNERS: No sub-standard homes. No mobile homes. The only homeowners coverage that we offer is the Chubb Masterpiece product and that's designed for high-valued homes without loss problems.

BONDS: We don't know nothing about no bonds.

ACCIDENT AND HEALTH AND LIFE: We know even less about this. We're not even licensed to write these coverages.

PRIMARY FLOOD: We can sometime help with excess limits over maximum federal flood limits, though.

AIRCRAFT: It belongs with specialist aviation brokers.

FARMOWNERS: Nope.

PROFESSIONAL LIABILITY ON HOME INSPECTION COMPANIES: Horrible loss experience, as a class. Nobody wants to even talk about it.

With all of these things that we can't do, I don't know how we manage to earn a living.



PARTY HEARTY

EVER WONDER WHY it can be difficult to insure vacant property? Here's one reason:

JOAQUIN FARFAN BOUGHT A NEW HOUSE. It was located in a nice, suburban planned community, on a quite cul-de-sac and he paid \$400,000 for it. He hadn't moved into the 5-bedroom, 3-car garage home yet. When he stopped by at about 10:00 pm to check on the vacant house, he found the lights on and the doors and windows open. Inside, a DJ was playing loud music on top of the kitchen island. A beer keg was set up in the corner. About 200 young people were dancing, drinking and partying in his house.

A POLICE INVESTIGATION LED TO THE DISCOVERY of fliers from "Playaz Club Productionz" advertising a two-keg party at the house with admission fees of \$3 for guys and \$2 for girls. The girls would get in free, if they drank two shots at the door.

THE DAMAGE? Screens had been kicked from the windows. Bottles and red plastic cups were scattered about. Blood was splattered on countertops. New wood floors were scuffed and dirty. Carpets were stained. Repairs cost \$15,000.

ONLY ONE NEIGHBOR THOUGHT TO ASK what was going on and he was told by one of the party-goers that it was his uncle's house and invited the neighbor to join the fun. Now, the homeowner's association is organizing a Neighborhood Watch program. Good plan.

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LETTER FROM LANDERS

I THINK IT WAS EARLY AUGUST WHEN MY lawnmower died. I didn't know it was dead at the time, but figured a week or two in the shop and a check for \$100 would be all it needed. Wrong. Time passed. I'd call asking about when my mower would be ready and the response always seemed to be something along the line of "we'll get back to you by Monday, at the latest". Finally, after 3 or 4 episodes of this, and about ten weeks had passed, I learned the awful truth. Dead. Broken. Busted. Forget it. Buy a new mower. In the meantime, my lawn has grown into a full-fledged meadow. The grasses have gone to seed. They've distinguished themselves by revealing their varied seed heads and colors, ranging from faded green, to buff-wheat, to russet. In the meantime, I've actually found time to read the entire Sunday paper, what with mowing chores being impossible and all. Now, my vacation is done. I'll be picking up my new Honda mower and resuming weekend yardwork. Bummer.

SO, SPEAKING OF PROMISES OF SERVICE... we continue to work to meet the demands of the hard insurance market. Generally, we'll give priority to complete submissions from agents with track records of producing orders. If we know we can't help with a given risk, we'll try to say so quickly and hope that our customers understand that we're not giving up without even trying, so much as focusing our resources on those projects that are most likely to bear fruit. When it comes to response time, we'd rather under-promise and over-deliver than make commitments that may not be met. I know we can't please everybody every time, but I hope we do the job most of the time.

I'VE TAKEN ON THE PERSONAL CHALLENGE of completing a marathon in this, my fiftieth year. I write this with the idea that the more people I tell, the greater my embarrassment will be if I don't follow through. I need all the incentive I can get. At this point, I'm up to running 24 miles a week and I've got an 8-mile run to complete this afternoon. It's hard to imagine being able to do more than three times that distance. Encouragement and advice will be gratefully accepted.

THIS THANKSGIVING, I'm particularly appreciative of the underwriters and management at insurance companies that we represent. These folks are working late at night and during weekends, just trying to stay on top of it all. They help us to respond to our customers under often trying circumstances and do so with continued intelligence, patience and humor.

THANK YOU.

\$50 REWARD AUCTION GOOD QUALITY CASH

TOP 10 TEN WATER CONSERVATION TIPS

10. Drink espresso instead of coffee
9. Cactus gardening
8. Baptism by fire
7. Dry shave
6. Eliminate hand-washing for food prep workers
5. Seal individual ice cubes in plastic wrap and re-freeze after use
4. Follow practices of former Indian Prime Minister Morarji Desai
3. Home de-salinization kits
2. Teardrop collection cups
1. Instant water! Just add... never mind