

DIAMONDS ON THE SOLES OF HER SHOES

ONE OF THE BENEFITS to personal lines customers who are insured with Chubb's Masterpiece Homeowners program is the ability to schedule coverage for valuable articles. It's not at all unusual for owners of the high-value homes that are Chubb's specialty to also have extensive collections of art, jewelry, silverware, furs or wine. Insurance agents are comforted to know that there's an insurer that won't get nervous when they get a request to add a \$100,000 diamond necklace to a schedule. It's also worth noting that the inclusion of valuable articles tends to make a risk more attractive to underwriters in this difficult environment. Wait, there's more...

¶ **Agreed Value:** You may individually list all valuable possessions with a specific value for each piece. In the event of a loss, your client can receive a check for the exact amount listed for the damaged or lost item.

¶ **Worldwide Coverage:** No matter where those valuable possessions go, they're automatically covered anywhere in the world.

¶ **Breakage Coverage:** With a Masterpiece Valuable Articles policy, breakage coverage is automatically included.

¶ **Newly Acquired Coverage:** Your client has automatic coverage for any newly acquired jewelry, furs, cameras, musical instruments and collectibles for up to 25% of the total itemized coverage in the same category, up to \$50,000, for up to 90 days.

¶ **Broad pair and set coverage:** If your customer loses one item of a pair or set, she can choose to receive the full replacement cost of that pair or set if she provides Chubb with the remaining pieces.

¶ **Market value coverage:** If they lose an individually listed item, Chubb provides up to 150% of the item's coverage amount if the market value just before the loss is greater than the itemized coverage amount.

LANDERS UNDERWRITING producers have full access to Chubb's Masterpiece product and we've even got an easy-to-complete application available for easy download at landersunderwriting.com. Go get it.

LANDERS UNDERWRITING

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☛ JANUARY 2003

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LETTER FROM LANDERS

THERE'S TOO MUCH TO DO OUTSIDE when the weather's warm and the daylight lingers well into the evening, but there's nothing like a good book when you're hunkered down at home on a cold, dark winter night. I've been reading Michael Chabon's *The Amazing Adventures of Kavalier and Clay* lately and loving every minute of it. It's a fictionalized account of two creators of comic books living in New York during the years just before the U.S. entered World War II, often known as the Golden Age of comics. As an avid reader of Superman comics in my 1950s boyhood, it's fun to re-visit that whole milieu. I recommend it - it's available in paperback.

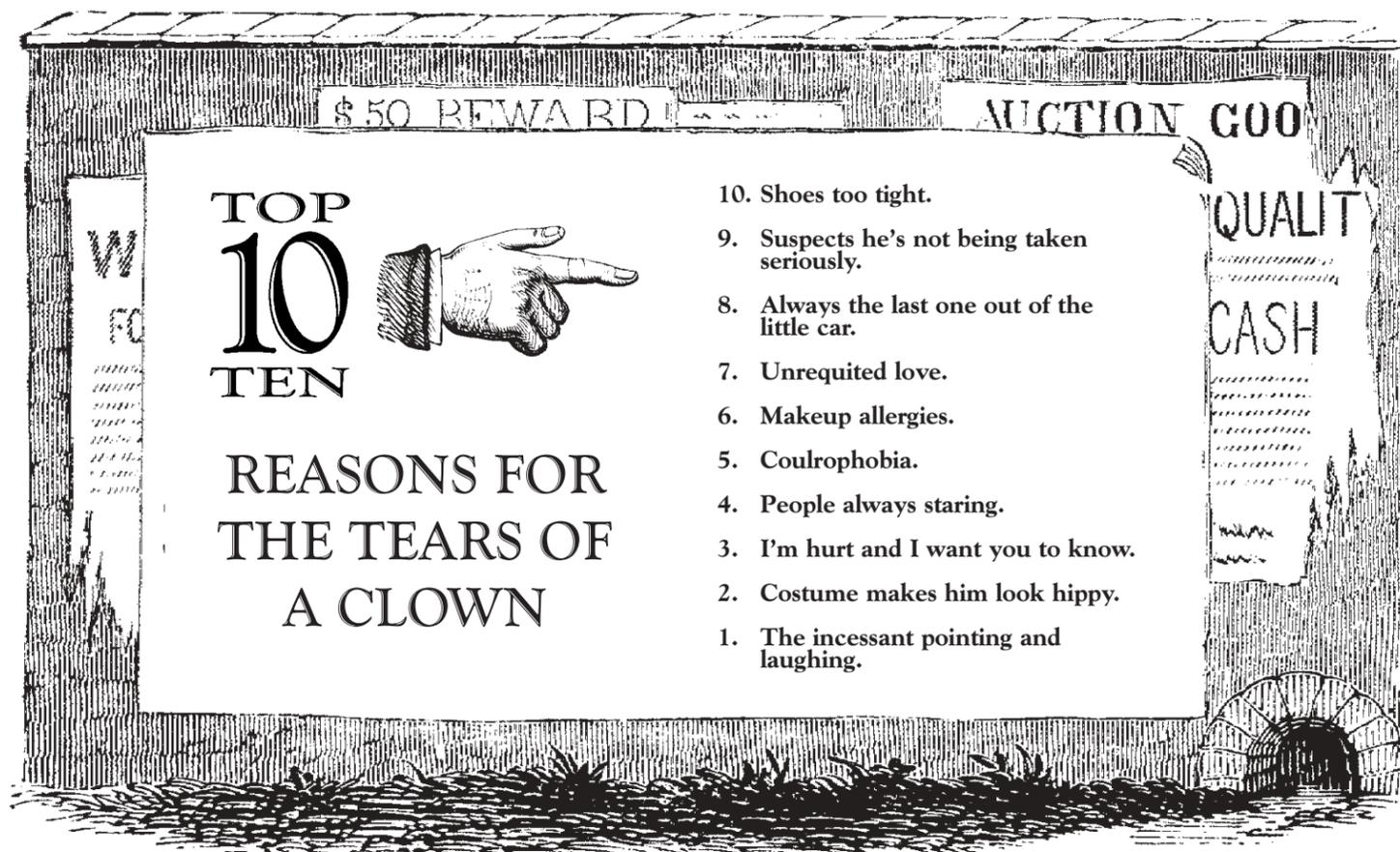
THE BEGINNING OF A NEW YEAR, 2003, gives me a chance to assess the past one and to start this one with a clean slate. I know that one of my (many) failures has been not getting out to see our customers. The pressing demands of day-to-day business provides plenty of excuses, but I really enjoy spending time with my friends and customers and always learn something by getting into the offices of insurance agents. I'll do better this year.

I'M GRATEFUL TO THOSE OF YOU who have been taking special care to provide us with carefully reviewed, complete and accurate applications. It really makes a difference in how much business we're able to handle and how quickly we're able to get it done. All of us - Noah, Jack, Waldo and I - just latch right onto those submissions that we know we can turn around quickly. Thanks.

SO, THE MARATHON TRAINING IS STILL ON. I'll be running in the Motorola Marathon in Austin, Texas on February 16th. Average temperature for the start is 43 degrees and it gets up to 62 degrees by finish time (maybe warmer, by the time I finish). I've been running about 30 miles a week lately, with 20 miles being my longest run. It's really nice to spend Sunday afternoons seeing the scenery of Free Union, Virginia at a slower pace.

I WISH YOU ALL PEACE AND PROSPERITY IN 2003.

Gary Landers



YOU GOTTA WORK IT



WE UNDERSTAND that businesses are having a tough enough time absorbing increased premiums on their existing insurance, but contend that Employment Practices Liability remains the most undersold business insurance product. Although no responsible employer would consider going without General Liability or Property coverage, it is more likely that an employer will have an employment-related claim, than a General Liability or Property claim.

CONSIDER:

- ¶ 41% of employment claims are against employers with 100 or fewer employees.
- ¶ It's estimated that six out of ten companies have been named in a discrimination or sexual harassment lawsuit in the past five years.
- ¶ 10.6% of employment cases in 1998 exceeded \$10 million, up from 1% in 1990.
- ¶ Over 30 million employment cases have been filed in federal, state and local courts.
- ¶ 94% of jurors believe the employer should be held responsible even if evidence shows no knowledge of alleged discrimination.

OUR EXPERIENCE is that producers who are consistent and persistent in recommending Employment Practices Liability to all of their commercial clients are successful in selling the product. You've really got to remind your customers about the coverage every year and, if they don't buy it the first time, they will buy it the second, third or fourth time. Sometimes, it's just a matter of timing. A client may have just read about a claim in the newspaper. Their friend may have told them about a frivolous claim that they've experienced. The topic may have been discussed at one of their own industry conventions. If an insurance agent proposes EPL coverage often enough, when the time is ripe, the customer will purchase it.

WE HAVE ACCESS to several markets offering Employment Practices Liability to firms ranging from those with a handful of workers to those with thousands of employees. We can provide experienced guidance to producers who want to secure coverage for their clients.

LOOKING OUT FOR No. 1

WE'RE SOMEWHAT RELUCTANT to spend too much time discussing a coverage that is unlikely to produce many sales for insurance agents. That said, though, we really have an affinity for innovation in the insurance industry and want to bring a new policy to your attention.

CHUBB HAS JUST INTRODUCED Personal Director's Liability Insurance, which is, in a sense a "Back to the Future" product, when you think about. Old-timers will recall when Directors & Officers Liability was just what it said - insurance to protect individual directors and officers of a corporation from lawsuits. Oh, sure, there was corporate reimbursement, but that was just to funnel money to the corporations when they were obliged to protect the individual directors and officers.

THEN, came expansion of the D&O product to include coverage for the corporate entities, themselves. Insurers would provide coverage for suits brought directly against the named insured. More is better, right? Well, sorta. The problem has been that, in some cases, this entity coverage has eroded or exhausted the limits available to protect the individual directors and officers. In bankruptcy cases, the D&O policy that includes entity coverage can become an asset of the bankruptcy estate and is no longer available to protect the personal assets of outside directors. So, good news for the corporation and their creditors may mean bad news for independent directors.

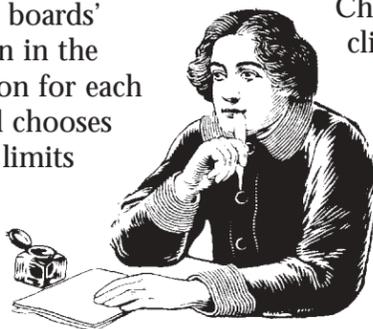
CHUBB'S PRODUCT RESPONDS to a legitimate need on the part of law-abiding, independent directors who want to take steps to protect their personal assets, should their boards' insurance fail to do so. The policy, written in the name of the individual, provides protection for each independent directorship that the insured chooses to designate. Coverage is not shared and limits are available exclusively to that director. Insured directorships can be publicly traded, privately owned or non-profit

entities. Coverage is provided excess of any other insurance from other sources. The insured has the freedom to choose their own defense counsel.

SO, WHY DO WE THINK everybody won't be clamoring to buy these policies? Because, it ain't cheap and it ain't easy. Chubb has established rigorous and appropriate underwriting standards. That is, in addition to their four-page application, they'll require a current annual report including audited financial statements and the most recent CPA letter to management on internal controls, together with management's response, for all public companies. For privately-held and non-profit corporations, they'll insist on seeing current audited financial statements, a complete descriptive narrative of operations, and list of board members including the applicant's complete biography and résumé, and details on the ownership structure of any privately held company. Additionally, they'll want to review a complete copy of each Directors & Officers insurance policy for each company in which the applicant maintains a board seat. Whew!

HOW MANY POTENTIAL CLIENTS do you have for this product who are prepared to cooperate in preparing a submission of this magnitude? Oh, did we forget to mention that minimum premiums start at \$5,000, assuming that there is no public company exposure. Clearly, Personal Director's Liability is not for everybody, but it's a wonderful product for a narrowly-targeted group of elite individuals. It's backed by the financial security of Chubb and includes access to a staff of dedicated claim examiners, whatever the circumstances of a particular suit. Even when the policy will not apply because adequate corporate protection still exists, Chubb claim professionals will familiarize clients with the D&O liability claims process.

LANDERS UNDERWRITING can help producers secure this Chubb product for their clients. Applications for Personal Director's Liability are available at landersunderwriting.com.



YOU DON'T HAVE TO GO HOME, BUT YOU CAN'T STAY HERE

WHY BUY LIQUOR LIABILITY INSURANCE?

Do you ever get that question from your clients who serve alcohol, when you recommend the coverage? You do recommend the coverage, don't you? Some claim scenarios may be helpful...

AFTER HAVING SEVERAL DRINKS at another bar, a patron walks into your establishment ("a guy walks into a bar, with a duck under his arm..." - sorry, wrong joke) and is served one drink. While driving home, he enters the opposite lane and collides head-on with another vehicle. The driver and the passengers of the other vehicle sustain serious injuries and sue your establishment for contributing to the intoxication of the patron who caused the accident.

A PATRON under the legal drinking age enters your bar and is served a few drinks. After leaving, she is involved in an accident and injures a third party. The injured party sues, alleging the illegal sale of alcohol to a minor.

A CUSTOMER is served alcohol at your establishment and, while walking home, is struck and killed by an automobile. The estate of the deceased patron sues, alleging the negligent service of alcohol directly contributed to the accident.

TWO OF YOUR PATRONS are involved in a fight. One customer sustains injuries and sues your business, alleging the negligent service of alcohol caused the fight.

DEPENDING ON THE LAWS of the jurisdiction, businesses may be held liable in these scenarios. Liquor-related injuries tend to be very severe and the resulting claims can produce substantial verdicts or settlements. Even frivolous lawsuits must be defended, as must suits in those jurisdictions where there are no specific dram shop statutes, and those defenses can cost thousands of dollars in attorney fees.

WE HAVE MARKETING BROCHURES outlining these scenarios that we're happy to make available for you to use with your clients. Just ask. Applications for coverage can be easily downloaded from landersunderwriting.com.