

## ANYBODY HOME?

LET'S TAKE A LOOK at the vacancy clause of ISO's Building and Personal Property Coverage Form CP0010. Stay awake.

FREQUENTLY, when an occupied building becomes vacant, insureds and their agents will want to hold onto a standard carrier's policy for as long as the carrier will let them get away with it. While it may seem advantageous to preserve a bargain price, as compared to what a surplus lines carrier would charge for a knowingly vacant building, there are pitfalls.

IF THE BUILDING has been vacant for more than 60 days, coverage for vandalism disappears. So, when somebody breaks in and spray paints graffiti all over your client's walls – claim denied.

OR, HOW ABOUT THIS? Even if the loss is covered – say the building burns down – the amount paid is reduced by 15%. So, the owner of a \$500,000 building saves a couple of hundred dollars in premium, but walks away from a total loss with \$75,000 missing. Worth it?

WE'VE SEEN SOME FOLKS try to get away with calling a building occupied because they've got a desk or a few empty pallets sitting in the middle of an otherwise empty building. That doesn't cut it. The ISO form says that "a building is vacant when it does not contain enough business personal property to conduct customary operations". A pile of junk does not equal customary operations.

DON'T PUT YOUR RELATIONSHIPS with your standard carriers and your clients in jeopardy by hanging onto a policy that's outlived its usefulness. Landers Underwriting understands how to write vacant property. Try us.



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## LETTER FROM LANDERS

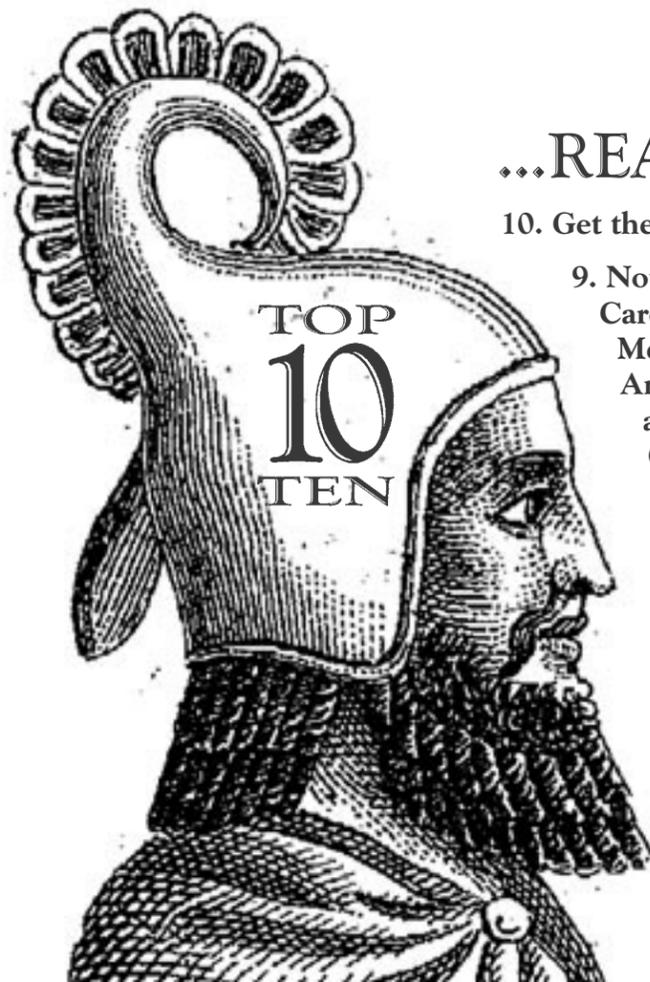
I'M A GRANDFATHER. My son Jackson and his wife Tricia have a beautiful baby girl – Ida Beatrix Landers. Ida (Daddy's little tax deduction) made it at the tail-end of 2003 on December 30<sup>th</sup>. She's a delight and I'm so lucky to see her for a few minutes every evening when Tricia comes by the office to pick up Jack.

RUNNING IS STARTING TO REQUIRE serious commitment these days. I'm gearing up for another marathon this spring. The act of going out onto the cold, dark, icy roads for several hours when you know it's only going to cause pain just seems so stupid. But, once I get on the road and find my pace, it's actually comforting and satisfying. I enjoy being alone with my thoughts and knowing that I'm getting stronger.

MY GUINEAS are getting me into trouble on the home front. They need to be herded into their coop around sunset and, during the winter months, I'm not home yet. That means the guinea-herding chore falls to my wife. She didn't exactly sign up to chase reluctant fowl around the yard, slipping on ice and shouting at them to please come down from the roof and get into their coop.

ALTHOUGH I HAVEN'T SEEN signs of the insurance market becoming any softer, there does seem to be a sense of stability on the horizon. I think most of us can probably do very well with a few years of stability, no?

IT'S SAID THAT if you pay attention and notice things, they're more likely to manifest themselves. Lately, I've been noticing the improved quality of applications that we've been receiving. Our customers have been making efforts to provide us with carefully reviewed, complete and accurate applications. I appreciate those efforts.



## ...REASONS TO GO TO MARS

10. Get there before Jupiter claims it.
9. Not only are we going to New Hampshire ..., we're going to South Carolina and Oklahoma and Arizona and North Dakota and New Mexico, and we're going to California and Texas and New York. And we're going to South Dakota and Oregon and Washington and Michigan. And then we're going to Mars. To take back the Gusev Crater. YEAHHHH!!!
8. Martians or Marslings?
7. Attend big family reunion.
6. No news about either Michael or Janet Jackson on Mars.
5. Because it's there.
4. Cost of labor cheaper than China.
3. Use excess inventory of Tang.
2. Just to get away from it all.
1. Mars needs women.

*Gary Landers*



## IN A MUDDLE WITH UMBRELLA TROUBLES?

WHAT MAKES a Personal Umbrella difficult to place?

- An insured who is a public personality, professional athlete, elected or appointed official or actor
- Ownership of high speed watercraft
- Homeowners and auto coverage written with different insurers
- Wealthy insureds who may be seen as "targets"
- Need for high limits of \$5,000,000, \$10,000,000 or more
- Adverse loss history
- A 19 year old son with a fast car and a few violations
- Ownership of multiple residences

IF YOUR CLIENT is having difficulty in obtaining excess protection because of any of these circumstances (or others, that we haven't thought of) and they can afford to pay the higher premiums that are commensurate with the increased risk, Landers Underwriting can help. We do have specific applications that need to be completed for a quotation. Just call or go to our website and download one.

# WHAT DO YOU NEED TO BIND?

IT'S ONE OUR MOST FREQUENTLY ASKED QUESTIONS. The good news is that the answer is probably right in front of you. When Landers Underwriting offers a quotation, you'll always get it writing. On that quote, about 2/3 of the way down the page, there will be a rectangular box. Inside that box, at the top, in bold, it says:

 **"YOU NEED TO PROVIDE US WITH THE FOLLOWING TO BIND."** 

What follows is exactly what we need to bind. Each item is listed, preceded by a small box. Some folks find it easy to check each box to indicate that they've met each condition. The absence of a check-mark in the boxes doesn't mean we don't need what follows. If it's listed, we need it. No kidding.

Typically, we might require items like an application with your client's signature, or a state-required form listing declining admitted companies, or a mandated form electing or rejecting terrorism coverage. If you're a new producer, we'll probably want a signed producer agreement and premium payment.

When we see a fax or email message come in asking us to bind coverage and it doesn't include all of the required details, we only have to come back and tell the producer why we can't bind the risk. If it's all there, we can get coverage bound promptly, get the policy issued and move on.

## THERE'S ONE FOR YOU, NINETEEN FOR ME...

**TAXES.** As surplus lines brokers, we are responsible for collecting premium taxes on insurance placed with non-admitted insurers. The truth is that all insurance premiums, admitted or non-admitted, are subject to state tax. With admitted companies, the tax is collected directly from the company and the cost is built into the premium. Since surplus lines companies are, by their very nature, not admitted in a given state, that state has no jurisdiction over them and is unable to collect the tax directly. The state does, however, have jurisdiction over surplus lines brokers (do they ever) and charge them with the duty of tax collection.

**IN MARYLAND,** the tax rate is 3% of the premium. In the District of Columbia, it's 2%. In Virginia, the rate is 2.25% and it's based on the premium plus any applicable fees.

**FROM TIME TO TIME,** we'll get calls telling us that an insured is a non-profit organization and not subject to premium tax. Wrong! Unlike state sales taxes and income taxes, there are no exemptions for non-profits when it comes to premium tax. In Maryland, the state government does exempt itself and its political subdivisions from the tax. That's it, though; everybody else pays. We don't make the rules. We just follow them.

## ...AND STEP ON IT

OVER THE PAST YEAR, we've noticed an increased demand for Ambulance Attendants Professional Liability. In addition to the traditional emergency and non-emergency ambulance services, many of the for-profit firms are now getting involved in paratransit services for physically handicapped clients.



**EMERGENCY CARE MEDICAL TREATMENT** can be provided by ambulance drivers and attendants, fire rescue units, emergency medical technicians, paramedics and police officers. These entities and individuals may be held legally liable for injuries to patients, with standards of care often dependent upon the level of training of the individual.

**PARAMEDICS,** for example, are trained to defibrillate a pulseless, non-breathing patient, administer IVs and drug injections, while in radio contact with a hospital. The driver of a non-emergency ambulance may not have had such extensive technical training and would not be held to the same standards of care as would a paramedic.

**A GREAT NUMBER OF CLAIMS** involving ambulance companies, both volunteer and for-profit, seem to involve dropped patients. In these cases, it's of particular importance that a single insurance carrier provide both Commercial General Liability and Professional Liability coverages, to avoid mutual finger-pointing.

**ANOTHER BENEFIT** to the insured is an endorsement to include employees and volunteers as additional insureds, including off-duty activities. This frees trained individuals to respond to situations as good samaritans at any time, without concern for personal liability.

**WE'VE GOT APPLICATIONS** specifically designed for this class of business – get them at [landersunderwriting.com](http://landersunderwriting.com).

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