



SHORT-ORDER PRODUCTS — THE WAY YOU LIKE ‘EM

EXERCISE EQUIPMENT, satellites, conveyor systems, prescription drugs, herbal remedies, aircraft parts, bicycles, security devices... there's still a whole bunch of products being manufactured and sold that present a challenge for insurance agents. Recent news stories about defective Chinese products turning up in the U.S. markets make insuring imported products problematic. Landers Underwriting specializes in the placement of these difficult classes of products liability.

WE CAN BE PARTICULARLY HELPFUL with smaller, start-up companies who can benefit from a claims-made policy. With fewer assets to protect and less money to spend, companies in this category will find coverage under a claim-made policy more affordable during the first few years.

FLEXIBLE? YOU BETCHA. We'll find a way to offer coverage that suits your client's specific needs. We can write straight products only, or full CGL including products. How about product design errors and omissions in combination with product liability? No problem. Stand-alone product design errors and omissions? Okay. Tell us what you need and we'll respond.

SOMETIMES a manufacturer will have difficulty finding coverage for just one product line and doesn't want to disrupt an insurance program covering all of their other products. In those cases, we'll offer coverage on a specified products basis.

WORLDWIDE COVERAGE. Just foreign coverage. Just domestic coverage. Just non-governmental sales.

YOU GET THE MESSAGE. Customized approaches to products liability. Call us.



Post Office Box 888
Charlottesville
Virginia 22902

SEPTEMBER 2007



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LETTER FROM LANDERS

EVEN AS THE DAYS ARE STILL SWEAT-DRIPPINGLY HOT, the nights are starting to get cool. We can have dinner on the porch and just sit for a couple of hours afterwards, drinking in the lazy breezes. And that's how you know summer's coming to an end.

I'M PLANNING ON RUNNING a fall marathon this year (most likely on the Outer Banks in November), so I've been training pretty steadily throughout the summer. Most of my mid-week runs have been on the treadmill at the gym in air-conditioned comfort. Longer weekend runs start pre-dawn, at stupid o'clock, while it's still relatively cool. It can be tough dragging myself out of bed, but it's always worth it once I get out on the road. I'll usually spot a few deer browsing or maybe a heron fishing for breakfast at the edge of a fog-shrouded pond.

AS WE SIT in the middle of the 2007 hurricane season, it's probably worth mentioning that we do have some limited capacity for coastally-exposed commercial property. But, it won't be available once the storms are bearing down on the Mid-Atlantic, so I encourage you to contact us sooner, rather than later, when those problem situations arise.

I'M LOOKING FORWARD to attending the annual NAPSLO convention in New Orleans in early October. I love New Orleans—there's no other city like it. I last visited there in February of 2006, when I ran a marathon and still managed to gain eight pounds. That's how good the food is. Laissez les bon temps rouler!

I CONTINUE TO APPRECIATE just how important customer service is in our business. The ability of Landers Underwriting to excel in providing advice, counsel and service is key to our continued success. I'm grateful to those clients who tell me when we fall short.

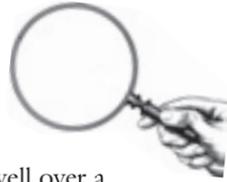
REWARD AUCTION GOO QUALIT CASH

TOP
10
TEN

COOL
BASEBALL
NAMES

10. Coco Crisp
9. Boof Bonser
8. Dizzy Dean
7. Pokey Reese
6. Mookie Wilson
5. Pee Wee Reese
4. Pumpsie Green
3. Oil Can Boyd
2. Catfish Hunter
1. Cool Papa Bell

BRING IN THE EXPERTS!



FIRST IT WAS THE COMMERCIAL ACCOUNT. A big one. Things went well over a round of golf. The owner and CEO was happy and he wound up asking you to handle his personal insurance as well.

OF COURSE, a big personal lines account wasn't really what you were after. But whatever it takes to close the deal, right?

THE PROBLEM WAS was that your agency just isn't geared towards large personal lines accounts. Not whoppers like this. The \$3,000,000 house, the \$600,000 worth of jewelry, the \$2,000,000 worth of fine arts, the new Ferrari or the vacation home in Aspen. A little much for Erie or Travelers. So you picked up the phone and put it with the first wholesale broker in your Rolodex who could hook you up with Chubb or Fireman's Fund.

A FEW YEARS DOWN THE ROAD how's that going? Has the wholesaler used his knowledge of high-end personal lines to make sure that your VIP client doesn't have any holes in his coverage from year to year? Is he scrutinizing fine arts appraisals to ensure that the client hasn't been taken for a ride by an unscrupulous art appraiser who low-balled him in hopes of buying the piece? If high-end homes are not your specialty then you are in serious need of a wholesaler who can add value to the transaction rather than just provide a route to a market.

WE SEE THIS SITUATION REGULARLY at Landers Underwriting. Agents will come to us with existing Chubb homeowners and auto business that has been brokered through another wholesaler who know absolutely nothing about high-end homes, vehicles and clients. The account is typically a mess. Valuable articles schedules that haven't been updated in years, coverage gaps between primary and excess limits or dwelling values which bear no relationship whatsoever to real world construction costs.

HERE AT LANDERS Underwriting some of us are construction geeks, car geeks and fine arts aficionados. We love nothing more than going over an inspection report for a mid-1700's colonial mansion with a fine-toothed comb. That complex high-end personal lines account isn't just some oddball headache that we write to facilitate a commercial lines account – it's the focus of our personal lines business.

IF YOU HAVE such an account and you are concerned that you might not have the best handle on it, please don't hesitate to pick up the phone and talk to us about it.

YOU MUST MUST PAY THE MORTGAGE! I CAN'T PAY THE MORTGAGE!

WE'RE ALL HEARING stories about the increase in foreclosures of residential real estate. In a nutshell, a homeowner is unable to pay the mortgage, so the financial institution owed the money repossesses the real estate and then sells it. But why are foreclosures higher in 2007?

PART OF THE PROBLEM stems from the tendency among lenders to become more relaxed with loaning money to the sub-prime market (i.e. borrowers with poor credit records). Last year, 13.5% of mortgages originated were sub-prime. This compares to only 2.6% of sub-prime mortgages originated in 2000.

ANOTHER FACTOR is that financial institutions were simply lax in the standards. "No documentation loans" (where no proof of income is required) and "piggy-back loans" (where no down payment is made) enable buyers to purchase homes with income to support the payments. These borrowers also used products such as adjustable rate mortgages and no-interest loans to enjoy lower payments for a short period of time. Of course, when that time elapses, interest rates rise to current levels. It is essential to note that, with mortgages made in 2006, serious delinquencies are running at 4%, compared to 2.2% for a similar 2004 loan. These loans are still in the fixed rate period.

SO WHAT DOES THIS HAVE TO DO WITH INSURANCE? Well, let's start by considering the relationship to professional liability. Mortgage brokers are being asked by financial institutions to "repurchase" the loans that they helped originate. They are then forced to find a market to repurchase the loans from them. Over 20 sub-prime lenders went out of business after being forced to repurchase loans. They will also face lawsuits by clients making

claims with respect to "suitability". You know, "you should have known I was never a good candidate for this kind of mortgage". **THE NUMBER OF REAL ESTATE BROKERS** specializing in the sale of foreclosed property should increase during the year. Their primary clients are the banks trying to unload foreclosed real estate. Short sales increased 25% over the past year. In the real estate world, a short sale occurs when lenders allow the property to be sold for less than what the homeowner owes, thereby taking a loss on the investment. Brokers specializing in short sales may become popular, as well as property managers who find work in maintaining foreclosed property.

AT THE END OF THE DAY, a good possibility exists that claims activity against mortgage brokers will rise, both by financial institutions and those clients who have lost their homes to foreclosure. An increase in demand for insurance for those performing professional services for foreclosed real estate should also rise.

LET'S NOT FORGET about how this real estate shake-out increases the number of vacant properties. Whether it's foreclosed properties waiting to be sold or new buildings built speculatively, these vacant buildings are not going to be welcomed with open arms by admitted insurers.

WHETHER IT'S PROFESSIONAL LIABILITY OR PROPERTY COVERAGE, you know who can help, right? As usual, we welcome your submissions and inquiries. Thanks and a tip of the cap to our friends at Tudor Insurance Company who granted permission for us to "borrow liberally" from a piece in their own newsletter on this topic.



SERVICING THE SIREN GALL

EMERGENCY CARE SERVICES seem to be among the businesses that are largely immune to the vicissitudes of the economy. Whether it's ambulance services, first aid and rescue squads, paramedics, EMTs or even non-emergency medical transportation services, every community has these services. Some of them are non-profit, volunteer organizations and some are for-profit businesses. All of them have both general liability and professional liability exposures. And none of them are attractive to standard, admitted insurers. That's where we come into the picture.

LANDERS UNDERWRITING offers coverage for health care crisis management exposures. Our preferred market for these operations is Western World Insurance Company. Western World provides both GL and professional liability in a single, occurrence policy. That means there's not a lot of finger-pointing in claim situations where it's not clear whether the loss was due to a GL-covered cause or a professional error. It eliminates the gray area. To make the coverage even more attractive, Western World provides coverage for employed or volunteer emergency medical technicians who may offer "Good Samaritan" services while off-duty. We can respond, either way.

WE'VE GOT SPECIFIC VERY SPECIFIC APPLICATIONS for this class of business. You can find it at landersunderwriting.com, or call us and we'll get it to you.

NOT QUITE NAKED



A GROWING NUMBER OF PHYSICIANS are just saying "No" to the escalating costs of malpractice insurance by electing to go bare. For them, we've got a better idea: Medical Legal Expense Reimbursement Insurance. It's a great alternative for all specialties of physicians, dentists and podiatrists who might otherwise choose to go bare or are carrying an SIR of \$250,000 or less.

AND FOR PHYSICIANS, dentists or podiatrists who've left a practice without buying tail coverage, Medical Legal Defense Coverage can provide some expense protection for the cost of legal defense in the event of a claim. The policy provides reimbursement for legal defense expenses resulting from claims involving medical malpractice charges, peer review proceedings, license review board proceedings or issues surrounding hospital privileges.

THERE ARE TWO OPTIONS FOR COUNSEL SELECTION:

- ☛ Select own counsel
- ☛ Select counsel from approved panel

AVAILABLE LIMITS ARE \$100,000/100,000 (Minimum premium: \$3,500), \$250,000/250,000 (Minimum premium: \$5,000) and \$500,000/500,000. The minimum deductible is \$5,000.

COVERAGE is written through Evanston Insurance Company, an A.M. Best "A XIII" rated carrier.

OF COURSE, for those physicians who still want good, old-fashioned Medical Malpractice insurance, we're just as happy to help with that coverage. Our strength is with risks that have unusual or difficult specialties, adverse claim histories or are otherwise ineligible for insurance through conventional admitted carriers.

LANDERS UNDERWRITING
☎ www.landersonderwriting.com
P.O. Box 888, Charlottesville, VA 22902
(434) 984-6060 fax: (434) 984-6363
(888) 249-6060 toll free line