



THE IMPORTANCE OF INSURING YOUR ASSETS

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What is an Asset:

- Valuable thing or person
- An Advantage or resource
- Valuable Item





The Importance of Insurance:

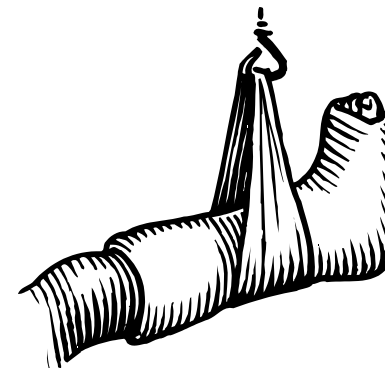
- One way of protecting those assets
- It is an important element of any sound financial plan which individuals and businesses should have.
- Without it there is the distinct possibility of financial ruin.
- The basic goal behind buying insurance is to make you financially whole following a loss.



- Many persons have horror stories about severe losses suffered during hurricanes like Gilbert, Ivan, Emily and others.



- We hear nightly on the news about losses as a result of having homes or business broken into, fires, motor vehicle accidents, employee injuries and more. **Disasters, natural or man-made, often serve as a rude reminder about buying insurance.**





TYPES OF INSURANCE:

- Different kinds of insurance provide protection against the cost of losses
- While not ignoring the fact that it is possible to have insurances of the person against accidents, disability, illness and death generally handled by the Life Insurance sector, this presentation will focus more on the insurances offered by the general insurance sector, outlining the importance of various policies offered.





PERSONAL INSURANCE:

- It is possible to insure assets of any size or worth, from mobile phones to laptops to construction machinery.

- Personal insurances are generally:
 - Homeowners, providing cover for buildings, contents and some liability exposure in some instances if for example someone is injured on your property

 - Motor vehicle providing cover for loss or damage to the motor vehicle and spare parts, along with liability to third parties.





BUSINESS INSURANCE:

- Business insurances are more complex.
- Operating a business comes with many exposures critical to the survival of the business.
- These exposures could be anything from:
 - ▣ physical damage to property
 - ▣ legal liability
 - ▣ intellectual property
 - ▣ employee theft
 - ▣ interruption to the business as a result of: Fire, Hurricane, Earthquake Etc.
 - ▣ and even more recently, cyber crime.





- Besides preparing for worse case scenarios insurance should also be considered as a means of protecting the company's positive assets, such as key people within the organization.

- Particular companies or individuals engaged in certain professions such as medicine and law would also be well advised to ensure that they are protected against professional liability.
 - ▣ Even if a claim is made against them which is subsequently denied, or even found to be fraudulent, the cost of defending the action could be quite prohibitive.





- There are also intangible assets which exist only on paper or hard drives, which could be very difficult to recover if lost or damaged.
- They can be difficult to insure but there are some policies to cover some of these.
- Think of the cost of recovering computer data and all other electronic information on top of the cost of replacing/repairing computer hardware.





The Cost of Insurance as a Deterrent:

- Although this paper addresses the importance of insurance, there is rarely discussion about insurance without mention of the cost.
- This is frequently why persons do not insure as they believe that it is too expensive.
- Yes insurance can be costly, but weighed against the cost of losing millions of dollars, **it is wise to consider the cost versus the risk.**





Ways to Reduce the Immediate Cost:

- There are of course ways that you can reduce the immediate cost such as:
 - Some measure of predetermined self insurance
 - putting in place risk reduction measures which could result in lower premiums
 - and of course there is premium financing to spread the payment over sometimes as much as nine (9) months.





- Another important point to note is that frequently rather than tie up immediate funds it is more feasible to borrow from a bank to finance some of the companies' operations.
- Banks will require proof that the assets are insured before approving loans in order to ensure that the recovery from losses are possible and the company remains viable.





Specific Policies & Their Protection:

- Homeowners/Householders:
 - *Fire, Lightning, Bush Fire, Spontaneous Combustion, Volcanic Eruption, Subterranean Fire, Explosion, Earthquake, Hurricane, Windstorm, Storm, Tempest, Cyclone, Tornado, Hail, Full Flood, Riot, Strike, Civil Commotion, Malicious Damage, Aircraft Damage (including things falling therefrom), impact damage (howsoever caused), bursting of pipes and the overflow of water tanks and other apparatus, burglary, theft and Public Liability.*





Motor Vehicles -

□ Comprehensive Policies

- Loss, damage or destruction to the Vehicle and its accessories and spare parts whilst thereon by:
 - Accidental Collision or Overturning
 - Fire, Explosion, Self-ignition, Lightning, Burglary and Theft
 - Malicious Act
 - Whilst in Transit (including loading and unloading) by road, rail, inland waterway, lift or elevator
 - Cost of protection and removal of the vehicle to the nearest repairer
 - Legal liability to Third Parties for death and or bodily injury and loss or damage to property



Motor Vehicles Cont'd:



- Third Party
 - *Legal liability to Third Parties for death and or bodily injury and loss or damage to property*





Fire & Allied Perils

- *Fire, (and smoke from fire), lightning, explosion, impact Aircraft or other aerial devices and/or articles dropped therefrom, any road vehicle, animal, vessel; riot, strike, civil commotion, malicious damage, earthquake, storm, hurricane, flood, and escape of water from any tank, apparatus or pipes.*



Commercial All Risks:



- *All perils on the Fire & allied Perils **plus** Burglary (specifically defined as theft involving forcible entry into or exit from the building), and accidental damage*



Consequential Loss/Business Interruption:



- *Loss of Profit resulting from the interruption of the Insured's Business caused by Fire and the Full Range of additional perils insured under the Fire and Allied Perils Policy.*





Computer All Risks:

- Any Unforeseen or Accidental Loss or Damage to the Computer and Associated Equipment including Debris Removal and Cleaning Costs, arising from:
 - *Incorrect Operation Negligent or Malicious Acts of Employees or Third Parties*
 - *Burglary, Robbery, and the events related to them.*
 - *Faulty Design and Material*
 - *Short Circuit, Excessive Voltage, Induction*
 - *Fire, Lighting and Explosion of all kinds*





Computer All Risks: cont'd

- ❑ *Scorching and Charring, Smoke, Soot*
- ❑ *Forces of Nature such as Storm Flood, Hail, Landslide except Seismic Perils*
- ❑ *Any Influence of Water and Moisture and Corrosion and resulting from them*
- ❑ *Cost of replacement of data media, data and regeneration of data*
- ❑ *Additional costs incurred to ensure continued data processing on substitute equipment*
- ❑ *Any Other Accident not specifically excluded*



Public/Products Liability:



- *All sums which the Insured shall become legally liable to pay as damages in respect of Accidental Death or Bodily Injury to or Damage to the Third Party Property arising out of the Business; and for liability arising out of or in connection with any Product.*





Employers Liability

- The Insured's legal liability to employees including damages and approved costs and expenses in respect of accidental bodily injury, illness, disease or death arising out of and as a consequence of employment with the Insured, including:
 - *Money compensation/damages which you may become obliged to pay, arising out of breach of legal duty (Statutory or Common Law) to Employees*
 - *Costs incurred for attorney's presence at any Coroner's inquest or Fatal Accident Inquiry*
 - *Legal Costs and Expenses incurred in connection with a claim/Litigation Expenses*
 - *Fees for representation at a Court of Summary Jurisdiction*





Personal Accident:

- *Accidental bodily injury caused by violent, external and visible means causing Death, Disablement or incurring of Medical Expenses.*

Cyber Crime:

- *Network Security, Privacy and Media*
- *Notification Costs and Crisis Management Expenses*
- *Network Restoration Costs*
- *Theft*
- *Cyber Extortion*
- *Business Interruption*
- *Erroneous Financial Transfers*





Bonds:

- Bid/Tender – guaranteeing that if client awarded contract and does not take it up, Insurer will pay the Principal and contract will have to go to tender again
- Mobilization/Advance Payment – guaranteeing that the Insurer will refund all monies which have been
- Performance – guaranteeing that if the works are not completed at all, or satisfactorily, the Insurer will pay the Principal.





Contractors All Risks Incl. Public Liability:

- *All Risks of Physical loss or damage to the contract works including temporary structures and all materials including during transits between plant and job sites.*
- *Legal liability in respect of accidental death or bodily injury to or disease contracted by Third Parties and accidental loss of or damage to Third Party Property.*



Conclusion:



- *In closing, whether it is to purchase a house or a car, or to set up and run a business, a lot of money is invested. Would you be able to easily recover from any loss on your own? Let someone else take **that** risk, and do what insurance does....protect you.*

