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Top 10 Mistakes to Avoid in Your Insurance Program



10. Missing Policies?

- Consider adding Privacy & Data Breach Policy, if you haven't already or consider more limits if you have
- E&O
- Product Recall
- Wage & Hour
- Patent (Troll) Defense Coverage



- 9. Missing Coverages?
 - Add Social Engineering Coverage to your Crime Policy
 - Make sure your cyber policy contains all of the coverages available in the marketplace
 - PCI Fines & Penalties
 - Media Liability
 - Business Interruption
 - Contingent Business Interruption



- 8. Sublimits and Maintain Separate Buckets of Limits in Package Policies (Management Liability)
 - Best to avoid smaller sublimits if possible
 - Sharing limits seems like a good idea when you are looking at premium savings, but any other time?

- 7. Broad Imputation to Entity in Severability Clauses (Management Liability)
 - Best to limit imputation to the top 2 or 3 key officers
 - Try to be consistent and have these same key officers named throughout policy for imputation of warranties and notice purposes



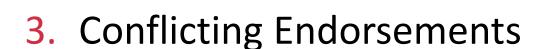
- 6. Broad Bodily Injury Exclusions (Management Liability)
 - seek "for" prefatory language to pick up contingent bodily injury claims in lieu of more standard "based upon, arising from, or in consequence of..."



- 5. Be Mindful of Professional Services Definitions and Exclusions (E&O)
 - sometimes definitions are written too narrow to encompass all of the professional services that your company provides
 - sometimes the exclusions include services that you offer and that you think you have insurance to cover
 - watch breach of contract exclusions



- 4. Broad Bad Acts Exclusions (Management Liability)
 - seek to narrow
 - seek to limit to a final, non-appealable adjudication
 - make sure you have tight severability and seek to apply this severability to all exclusions and warranties



- Read your policies, especially the endorsements, when they come in and make sure that endorsements don't conflict
- Seek to add a liberalization provision in case you have conflicting provisions

- Excess policies that do not pay defense costs (GL), do not follow form or have shaving of limits issues
 - Read your policy language and definitions, particularly definition of "damages" and "ultimate net loss"
 - Consistent choice of law throughout tower
 - No excess layer outlier with Bermuda Arbitration
 - Be careful settling for less than limits with primary



- Who do you intend to cover? Start with your Organization Chart, but don't stop there!
- Be certain "Insured" is defined broadly to include every entity you intend to cover
- Avoid scheduling entities as much as possible broad form named insured end, but be careful of LLC, JVs and entities owned 50%
- What happens with newly created entities?

Top 10 Insurance/Indemnity Tips In Negotiating Vendor Contracts

10. Conduct Due Diligence on Your Vendors' Practices – their problems become yours

9. Allow Right to Audit Vendor



8. Require That Vendor Provide Immediate Notice of Breach

- 7. Make Vendors Insurance Name Your Company Primary/Non-Contributory Over Your Company's Insurance
 - Better to have your company scheduled rather than subject to blanket AI endorsements



potentially coverage disputes



5. Best Practice is to Get Copy of Your Vendors' Full Insurance Policies Every Year and read them!

4. Be Careful with AI – You don't want to be named on the vendor's E&O policy due to I v. I issues



3. Address Indemnity Separate From Insurance – do not limit indemnity to insurance recovery



 You Can't Be Specific Enough in Contracts on Insurance Requirements for Vendors – limits, coverages, Al