

# Monarch Insider

## News From Inside Wholesale Insurance

Monarch Insider

Fall, 2007

### Coverage Counts! *By Wayne E. Bernstein, Dir. Professional Lines*

Now that we are in midst of the "soft market," retailers and wholesalers alike are kicking and scratching for their share of the business and competition is fierce due to falling premiums. Add to the mix, carriers who once shied away from much of the business and you have a "Bermuda Triangle" of sorts. If history dictates the course of the soft market we are in for some rough & mysterious seas ahead.

While premium is an important factor for any insured, they should not lose sight of choosing the appropriate policy, especially if they are basing their decision on premium alone. Looking at only premium could prove disastrous at the time of a claim. Unfortunately, the insured may be merely purchasing a worthless piece of paper while not realizing they are risking both their personal and business assets.

That's right... risking their personal assets. Unlike property and casualty policies, professional liability policies protect the personal assets of the business owner mostly due to financial harm caused to other parties (with some exceptions not noted here). As a result, business owners or corporate officers can be found personally liable, thereby risking their home, cars and other personal assets. If premium is the only coverage element that is considered, the insured may be in for a rude awakening at the time of a claim.

In fact, this type of thinking may actually harm your client more than help, particularly with Professional Liability policies. As an insurance agent, your own Errors & Omissions coverage can be on the line for selling only premium and not recognizing or explaining coverage differences to your insureds.

As an insurance professional it is critical for you to know that every professional liability policy is DIFFERENT. Professional Liability policies include, but are not limited to, D&O, EPL, Medical Malpractice, Architect & Engineers, Legal Malpractice and Miscellaneous Professional Liability. There are no ISO or standard industry policies, so each carrier has its own policy form and language. Some policies provide a wider scope of coverage while others are more restrictive.

Do you know the difference between a "claims-made" vs. "claims-made & reported" policy? Does the coverage being proposed have a "retroactive date" or does it provide "full prior acts" coverage? Is there severability for innocent insureds? Does the definition of claim include "oral" and "written"?

This is where you may need the help of a specialist. If you **(cont. on pg. 2)**



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## Coverage Counts! *(cont. from pg 1)*

are not involved with these types of coverages on a daily basis, the difference in coverages and exclusions can be overwhelming. A specialist can point out the major differences in the forms and help you avoid potential coverage issues. A specialist will negotiate on your behalf, suggest coverage enhancements to add or exclusions to carve out in order to get you the most competitive premium with the broadest coverage and keep you out of E&O trouble.

The following three examples illustrate some reasons for selling "coverage" versus "premium."

### **Example 1: EPL**

In a recent EPL policy we placed, we quoted a policy that was approximately 20% higher in premium than other coverage being proposed by our agent. The agent did not realize that the coverage he was proposing for less premium had a "Prior Acts Exclusion" or a retroactive date inception, while Monarch's quote proposed granted "Full Prior Acts" coverage. "Full Prior Acts" coverage is extremely valuable protection since full prior acts coverage would grant coverage for wrongful acts committed prior to the inception of the policy if there was no knowledge of such a wrongful act. A policy with a "prior acts exclusion" would exclude all prior wrongful acts, regardless of knowledge, since all wrongful acts committed on or prior to the "retroactive date" would not be covered. Once the agent explained the coverage differences, the insured decided to pay a little more premium for what amounted to a lot more coverage. **(cont. on pg. 3)**



**Coverage Counts!** Wayne refuses to chop superior coverage for the sake of premium alone!

## NEWS FROM MONARCH'S COMMERCIAL LINES DEPARTMENT

We are pleased to announce the new partnership Monarch has secured with **United States Liability Insurance Co. (USLI)**. USLI has many different products that are competitively priced including **Non-Profit Packages, Special Events (including Liquor Liability), Restaurants (including Liquor Liability)** and even some admitted **"BOP"** policies. USLI's commitment to service (much like Monarch's) will provide you with fast, competitive quotes. Please contact your Commercial Lines underwriter for more information.

Do remember that Monarch's Commercial Lines underwriters are experienced service professionals, and we want to write your Commercial E&S business! We have the underwriting "pen" for **Scottsdale, Nautilus, Evanston, Burlington, First Financial, Colony, Century Surety** and **USLI**. Please contact your Commercial Lines underwriter for fast, friendly and expert service.

Monarch offers over 100 years of underwriting experience placing commercial accounts of all types and sizes. We have "pen" contracts with the most highly sought-after Surplus Lines markets writing business in this state. Providing highly efficient service is always a top priority and same-day quotes are routinely available.



**Monarch features competitively priced Restaurant packages that offer Liquor Liability through a new partnership with USLI**

## Coverage Counts! *(cont. from pg. 2)*

### Example 2: MPL

With Miscellaneous Professional Liabilities, an area to be concerned with is the services provided by Independent Contractors (IC) coverage. It is often assumed that the IC performing those services for the named insured is automatically covered for their own wrongful acts. When in fact, only wrongful acts committed vicariously on behalf of the named insured are covered and only for the named insured in that case. The standard Miscellaneous Professional Liability policy does not automatically afford coverage for the Independent Contractor. It must be endorsed onto the policy. The IC(s) are not afforded any protection including defense costs, unless the carrier has agreed to the coverage prior to binding or during the policy period, granted by endorsement. However, with changing market conditions, there are now a few carriers who are providing this coverage automatically so there is even greater reason to compare policies.

### Example 3: D&O

For Directors & Officers Liability policies, "antitrust" coverage is another important coverage facet. Since each policy is different, you must compare coverage before selling to your client. If the insured chooses premium over coverage, the effects can be very costly to everyone involved. In general, antitrust claims allege the insured (including the corporate entity) has monopolized or used unfair business practices to gain an advantage over the competition. Most notably, healthcare insureds often suffer these types of claims because of the nature of their operations.

The greater majority of D&O policies exclude antitrust coverage. However, there are several carriers who provide limited coverage usually with a sub-limit by endorsement for only the individual D&Os. This can be troublesome since most claims of this type name the corporate entity as well. Under these circumstances there would be an allocation of defense costs between who is covered as an insured and who is not (the corporate entity). For this very reason an analysis must be made of the coverage being proposed. While the number of carriers offering antitrust coverage is extremely limited, paying more premium to have the coverage may well be invaluable.

*(cont. on pg. 4)*

## NEWS FROM MONARCH'S PERSONAL LINES DEPARTMENT

We're very pleased to announce our recent appointment with **United States Liability Insurance Co. (USLI)**. USLI offers a very competitive **personal umbrella** product for both target and non-target clients. USLI offers a **Monoline CPL/Premises Liability** policy that can also be written on **builders risks** as long as the insured is not acting as his own general contractor. USLI is committed to providing very competitive products and the best service in the industry. Please contact [Stefanie McLeod](mailto:Stefanie_McLeod), Underwriter (818) 249-0100 ext. 246 ([stefaniem@monarchexcess.com](mailto:stefaniem@monarchexcess.com)) for more details.

We continue to offer very competitive **homeowner, dwelling fire, builders risk & Monoline earthquake** markets, and we strive to offer the best service in the marketplace. The Personal Lines staff looks forward to the opportunity to assist you with the placement of your Excess & Surplus Lines business.

We have seen a substantial increase in the number of submissions for **vacant dwellings**. We can quote vacant dwellings with both **Lloyd's of London** and **Scottsdale Insurance Company**. Please contact either [Dave Skogstrom](mailto:Dave_Skogstrom), Assistant VP (818) 249-0100 ext. 241 ([daves@monarchexcess.com](mailto:daves@monarchexcess.com)) or [Sherry Brodek](mailto:Sherry_Brodek), Underwriter (818) 249-0100 ext. 239 ([sherryb@monarchexcess.com](mailto:sherryb@monarchexcess.com)) for more details.



**Check out our markets for Homeowner, Dwelling Fire, Builders Risk & Monoline Earthquake**

## Coverage Counts! *(cont. from pg. 3)*

The focus should be the coverage afforded, not the premium, and is paramount in selling the right policy to your client. Nevertheless, there will be situations where underwriting guidelines will preclude a specific carrier from writing the coverage or endorsing the policy. At those times you may have to settle for whatever you can get, but this should be emphasized to your insured when explaining the scope and/or limitations of the proposed coverage along with a list of the carriers who declined the risk.

Of course there are those clients who recognize the value of additional services provided and are willing to pay for it. As an example, when insuring Architects & Engineers, the insured may contract requirement which requires the insured may not have in-house counsel and can contract reviewed. So the insured may pay type of service.

In the EPL example I cited, the man resource assistance services which carriers offer this type of service insureds may be willing to pay more for they are a smaller organization or business that may not have a human resource department or legal counsel on retainer.



who recognize the value of additional for it. As an example, when insuring Ar-need to review a particular contract or expertise of legal counsel. The insured ill afford to pay each time to have a con-more for a carrier who can provide this

carrier provided loss mitigation and hu-were of value to the insured. While some tinely for free, not all carriers do so. In-the policy to have this service especially if

Finally, service plays a very important role, for which insureds are willing to pay. I cannot tell you how many times I have heard "My broker never picks up the phone" or "I never get terms until the last minute." This is the time to take stock and reevaluate the quality of service you are really getting from your current wholesaler. Do they provide the coverage expertise you need? Are you working with a generalist rather than a specialist? Often times there are many coverage gaps and flaws in the current or proposed program because of a lack of expertise that a specialist offers.

So the next time you ask, "Can you give me a lower premium?," think twice. **COVERAGE COUNTS.**

Bernstein has more than 25 years of experience in the insurance industry, and has specialized in Executive Liability and Professional Lines for more than 12 years. For any Professional Lines Risk, call him at (805) 577-6800 ext 223.



## NEWS FROM MONARCH'S PROFESSIONAL LINES DEPARTMENT

Do you know that Monarch can help you with your own **E&O**? In addition, Monarch has a new market for smaller **law firms** with a few as one attorney. Monarch has added many new **EPL** carriers, and we've had great success with our expanded **EPL** product lines. Look at some of the varied classes we've recently bound:

\* **Architects & Engineers** for traffic signal & emergency vehicle safety system designers & manufacturers \* **Real Estate** agent and property manager \* **EPL** for a property management firm \* **Technology E&O** for a healthcare systems integration consulting firm \* **EPL** for fast-food restaurant chain \* **E&O** for a mortgage broker \* **Malpractice** Insurance for an orthodontist

Call Monarch first for your insured's Professional Liability needs. Contact Wayne E. Bernstein, Director, Professional Lines (805) 577-6800 ext. 223 ([wayneb@monarchexcess.com](mailto:wayneb@monarchexcess.com)) or Cindy Blazer, AVP/Broker (818) 249-0100 ext. 223 ([cindyb@monarchexcess.com](mailto:cindyb@monarchexcess.com)).



**NEWS FROM MONARCH'S PERSONAL LINES-SPECIAL RISK DEPT.**

Monarch is the leading E&S Market for **Scheduled, Unscheduled and Blanket Personal Article Floater** policies. Our "A"-rated Admitted and Non-Admitted markets offer clients competitive rates and forms, including **FULL EQ**, usually with no deductible.

Having trouble placing **FULL EQ** coverage? We can help with **Excess Coverage**, including **Loss of Use** and **Loss Assessment**.

Need a market for **Fine Art Dealers/Galleries/Museums**? For these unique risks we have access to both "A"-rated Admitted and Non-Admitted Companies.

We can also help with your **Professionally Used Equipment Floaters**, including **Cameras, Audio/Visual, Musical Instruments**, etc.

Need higher **Flood** limits? Send us a quick e-mail for an **Excess Flood** quotation.

With many years experience, binding authority for both Admitted and Non-Admitted companies, and access to markets that understand our service expectations, we're your best choice for your Special Risk needs. For a quick phone indication or just to ask a question, please call Helene Briskin, VP (818) 249-0100 ext. 248 ([heleneb@monarchexcess.com](mailto:heleneb@monarchexcess.com)); Genette Nice, Sr. Underwriter (805) 577-6800 ext. 225 ([genetten@monarchexcess.com](mailto:genetten@monarchexcess.com)) or Dolores Rodriquez, Underwriter (818) 249-0100 ext. 251 ([doloresr@monarchexcess.com](mailto:doloresr@monarchexcess.com)).



**IBA/SFV COMPANY OF THE YEAR**



At the IBA/SFV Company Appreciation Night, held Nov. 14, 2007, Monarch was named IBA/SFV "Company of the Year."

In Monarch Pres./CEO Derek Borisoff's absence, Mark Kaufman (VP/Commercial Lines) and Richard Penniall (Sr. VP) accepted the award to a standing ovation from event attendees.

IBA/SFV Past Pres. Derek Ross presented the award in recognition of Monarch's financial support of the IBA/SFV, its attendance and involvement in IBA/SFV events, and its overall pursuit of greatness in the industry.

Says IBA/SFV Current Pres. Steven Young, "We completely appreciate the support we've received from Monarch over the years, and this award could easily be won by Monarch every year."

Monarch thanks the IBA/SFV for this prestigious award, and pledges continued support.



**AROUND THE WATER COOLER**



Both Monarch and its La Crescenta Commercial Lines Department are pleased to announce the birth of **Jordan Noah Kaufman** to proud parents **Mark & Sharon Kaufman**. Jordan was born on 9/24/07 and weighed in at 5 lbs. 2 oz. He is slated to start as an underwriting assistant sometime in 2025.

**ANNOUNCING "ROYAL RATER"**

Keep an eye out for...



Monarch's "**Royal Rater**,"

our new on-line self-rater for multi-classes.

It's an easy way to get a quick quote!



Monarch E&S President/  
CEO Derek Borisoff:  
Professionalism, Service &  
Integrity

*Happy Holidays  
from all your  
friends at  
Monarch E&S.  
We greatly  
appreciate your  
continued support  
and thank you for  
your business all  
year round.*

**Monarch is on the Web!**  
[www.monarchexcess.com](http://www.monarchexcess.com)

## NEWS FROM MONARCH PREMIUM RESOURCES

Monarch Premium Resources, Inc. offers competitive financing for your insured. We help you retain business by providing **Pending Cancellation Reports, on-line payments, and e-mail payment due date reminders** sent to the insured.

It's simple! Monarch sends you a **completed finance agreement**. All you do is obtain signatures and return to Monarch E&S. Upon your first piece of business, Monarch Premium Resources will send you a welcome letter with your **password for account viewing**. You can then visit [www.monarchpremium.com](http://www.monarchpremium.com) and manage your accounts: **view account history, print the current bill, get production reports, and request new coupons/bills.**

For more information, contact us at:  
[info@monarchpremium.com](mailto:info@monarchpremium.com)

**Monarch Premium Resources, Inc.**

**30448 Rancho Viejo Rd., Suite 210**

**San Juan Capistrano, CA 92675**

**PHONE (800) 731-7890 FAX (949) 487-0640**



Monarch Premium Financing offers competitive financing rates and services to help you gain and retain more business.



**MONARCH E&S**  
**INSURANCE SERVICES**

YOU'LL GET THE ROYAL TREATMENT

### Monarch has five offices to serve you:

**LA CRESCENTA (Home Office)** 2540 Foothill Blvd., Suite 101, La Crescenta, CA 91214 PHONE (818) 249-0100 FAX (818) 249-1166 **SAN DIEGO (Branch Manager Lance Amick)** 3131 Camino Del Rio North, Suite 300, San Diego, CA 92108 PHONE (619) 521-2170 FAX (619) 521-2180 **RANCHO MIRAGE (Branch Manager Debbie Messina)** 71800 Highway 111, Suite A200, Rancho Mirage, CA 92270 PHONE (760) 779-5555 FAX (760) 779-5234 **SIMI VALLEY (Branch Manager Matt Merkle)** 40 W. Cochran St., Suite 203/205, Simi Valley, CA 93065 PHONE (805) 577-6800 FAX (805) 577-1915 **NOVATO (Branch Manager Ron Hughes)** 10 Commercial Blvd., Suite 100, Novato, CA 94949 PHONE (415) 883-1411 FAX (415) 883-1752

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