

DeWitt Stern

DESIGNING YOUR INSURANCE PROGRAM

AN INSURANCE
HANDBOOK

DISCLAIMER

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INSURANCE TERMS

BROKER

Your broker is _____.

Your broker works as your advocate and functions as the go-between for you and your insurance company. The broker's goal is to find you the best coverage at the best price. Because you cannot go directly to many insurance companies, brokers provide this service for you. Many brokers have a Fine Art Practice comprised of a team of people who work specifically within the Fine Art Insurance industry. Your broker will assist you with day-to-day inquiries such as Certificates of Insurance, increases to your policy, review loan agreements and assist you through the claims process, among other services.

INSURANCE COMPANY

Your insurance company for your Museum Policy is _____ . The insurance company provides the actual coverage for artwork and pays claims related to Fine Art losses.

Your Underwriter is the person at the insurance company who makes the decisions regarding the rating and terms provided on your policies.

CLAIMS

In the event of a claim, you should do the following:

- For an art-related claim, move artwork out of harm's way and to a safe place
- Take photos of any damage to the artwork/contents and the situation in which you found damaged items
- Contact your broker or their in-house claims specialist via phone or e-mail.
- Ensure that you keep all records related to the claim including any receipts,

- police reports, photographs, etc.
- If an item is missing, file a police report with your local police department, contact the Art Loss Register and your broker.

Your broker and/or their in-house claims staff will walk you through each step of your claims process.

CLAIMS ADJUSTER

The claims adjuster works for the insurance company to help resolve claims. Sometimes adjusters are employed by the insurance company on a full-time basis (in-house) and other times insurance companies outsource (independent adjusters). Any adjuster utilized for your claim should have extensive specialization within the Fine Art insurance claims field. Adjusters generally come to examine the damaged artwork, site of stolen artwork, etc. They will ask questions surrounding the circumstances of the loss and will be the conduit between you, your broker, and the insurance company. Keep in mind that claims adjusters work on behalf of the insurance companies, thus you and your broker need to closely monitor the claims process.

POLICY

The policy is a two party legal contract between the insurance company and you (the Insured). The policy document outlines all of the terms and conditions of your coverage while also outlining your rights as the policy-holder. In the event of a claim, the policy language dictates what losses are covered and on what basis you would be paid. Not all Museum Policies are the same; frequently the policies are “manuscripted” and tailor-made to fit the specific institution’s needs.

DECLARATIONS PAGE / COVERAGE INFORMATION PAGE

These pages are generally found in the very beginning of your policy. They outline the Insured’s name, mailing address, policy effective dates, premium, deductible, policy limits, etc.

ENDORSEMENTS

Endorsements are formal changes to the policy. Some Endorsements are added to the original policy as amendments to the standard wording. Once the initial policy is issued, any changes to the policy must be made via Endorsement.

Endorsements are numbered and/or dated and you should attach them to your policy when you receive them. The wording in an Endorsement overrides the policy language where applicable. Endorsements are needed for changes ranging from adding a Loss Payee, to changing the mailing address on a policy, to increasing your policy limits.

BINDER

A Binder is a document that evidences coverage between the time the insurance company formally puts coverage in place and when you receive the policy paperwork from the insurance company.

DEDUCTIBLE

A Deductible is the amount for which your institution is responsible in the event of a claim. The Deductible on your Museum Policy is:

\$ _____ Owned Items

\$ _____ Loaned Item

or \$ _____ Combined.

\$ _____ Wind

\$ _____ Earthquake

As an example, if your deductible for Owned Items is \$2,500, and there was a \$50,000 loss, then the amount paid by your insurance company would be \$50,000 minus the \$2,500 Deductible = \$47,500 claims payment. Insurance companies use deductibles as a way for Insureds to take some ownership in the claims process and to avoid a large number of small claims.

Typically Museum Policies carry a \$0 deductible for Loaned Items and the deductible of the institution's choice for Owned Items. Often, Loan Agreements stipulate that a deductible cannot be present for items on loan to the museum.

AGGREGATE

The total amount your Insurance Company will pay for a given coverage (Fine Art property) during one policy period, typically twelve months. You can find this limit on your Declarations/Coverage Information pages.

ALL RISK

Any losses that arise, unless the policy specifically excludes the cause of loss (see Exclusions on page 12). Most specialty fine art insurance policies are “All Risk”. In comparison, a policy could be “Named Perils” – each cause of loss is listed on the policy. Examples of Perils are fire, flood, windstorm, theft, burglary, etc.

WALL TO WALL/NAIL TO NAIL

Property is covered under the policy from the time it is removed from its original location until it returns back to said original location or to another point the lender/owner designates. This includes while the property is in the possession of freight forwarders, packers, auction houses, storage locations, customs clearing houses, or other bailees.

BAILEE

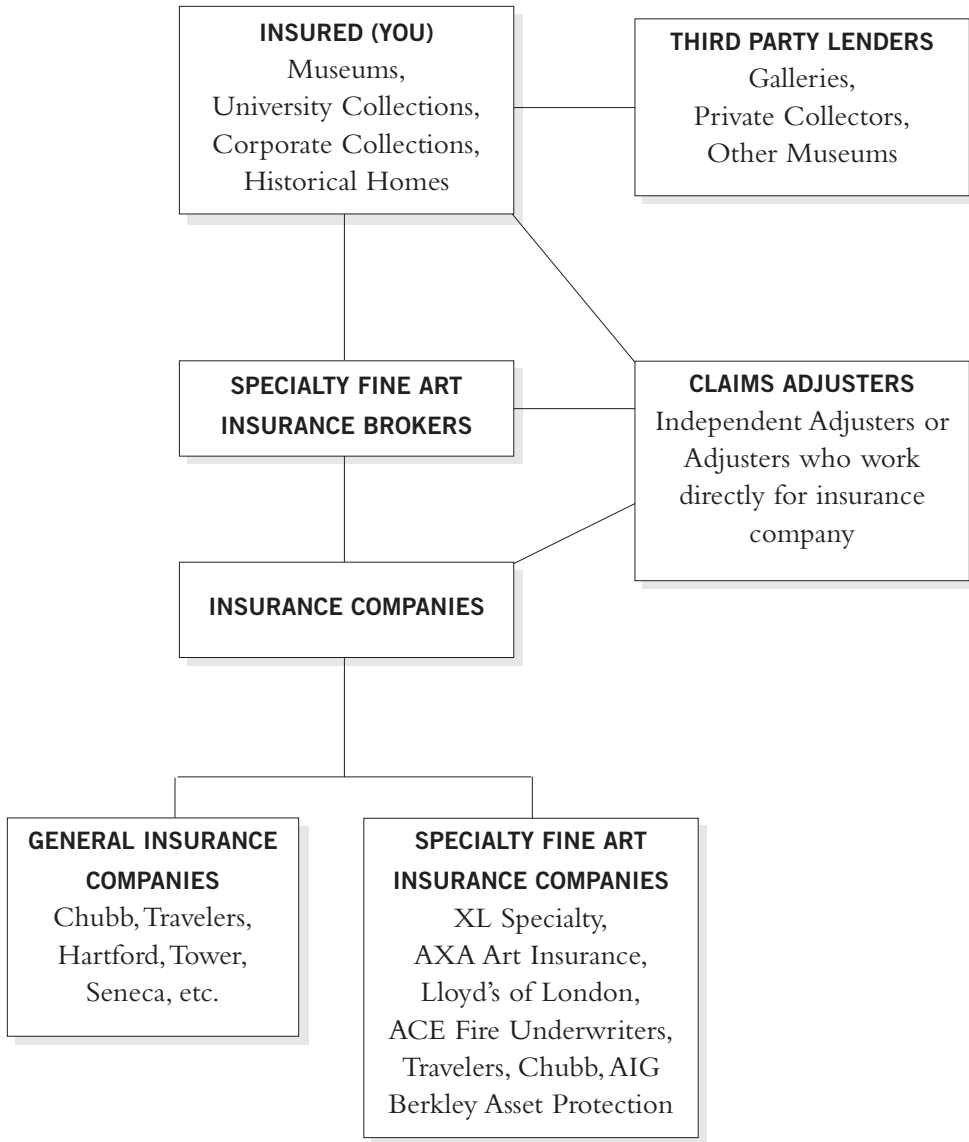
Someone who has artwork of others in their “care, custody, and control”. Examples of Bailees: conservators, framers, packers/shippers, auction houses, etc.

FREQUENTLY USED ABBREVIATIONS

- COI Certificate of Insurance
- AI Additional Insured
- LP Loss Payee
- A/P Additional Premium
- R/P Return Premium
- P/R Pro-rata factor (the actual premium you pay for each day of coverage – this is used when you need a short term increase.)
- BOR Broker of Record Letter
- LPR Lost Policy Release Form

FINE ART INSURANCE INDUSTRY

On the following page is a flow chart of a typical insurance transaction and how the various participants fit and work together to create the fine art insurance industry.



MUSEUM COLLECTION AND TEMPORARY LOANS INSURANCE POLICY

The following information will guide you through various insurance inquiries related to the typical Museum Collection and Temporary Loans Policy. This kind of policy is used by museums, historical homes, university collections and some corporate collections.

MUSEUM COLLECTION & TEMPORARY LOANS POLICY

This policy covers fine arts and collectible objects of every description including but not limited to paintings, drawings, prints, rare books and manuscripts, rugs, tapestries, antique furniture, photographs, numismatic objects, jewelry, sculpture, ceramics, video artwork, time based artwork and other bona fide works of art of rarity, historic value, or artistic merit. These objects can be owned by your institution, property offered as gifts, partially owned property, property of others, and property for which you have agreed to insure prior to loss.

_____ Broker
_____ Insurance Company
_____ Policy Number
_____ Effective Dates
\$ _____ Annual Premium \$ _____ Wind Deductible
\$ _____ Deductible \$ _____ Earthquake Deductible

LIMITS

- \$ _____ At Named Locations
- \$ _____ While in Transit
- \$ _____ At Unnamed Locations
- \$ _____ Earthquake

AT NAMED LOCATIONS

The following are the locations listed on your policy (this should include any location where you store/exhibit artwork from your permanent collection/temporary loans on a “permanent basis” including storage facilities, conservators, etc.):

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

The limit on your policy for your named location is \$ _____.

This means that \$ _____ can be at the museum or any other scheduled location added to the policy in the future. If any of these locations’ limits exceeds \$ _____ and you would like to increase your insurance limits, contact your broker for a Premises Increase. This request should be given in writing with:

- The effective dates and expiration of the increase
- New total limit required at your Premises
- Facility information for the new location

WHILE IN TRANSIT

The limit for artwork In Transit is \$ _____. This \$ _____ is for any one single transit and is usually provided on a worldwide basis. Please note that there may be a list of specific countries excluded from your policy; refer to your policy for a full listing of these countries. If any one transit (vehicle, plane, etc.) exceeds \$ _____ then you need to contact your broker for an increase. This request should be given in writing with:

- The effective dates
- How the works are packed
- Who is shipping
- If the values are high, your underwriter may require specific truck information such as: air-ride; dual drivers; climate control; no over-night stops along the way; someone with the vehicle at all times; etc.
- From/to where the artwork will travel
- The new total limit required for the Transit

AT UNNAMED LOCATIONS

The limit for artwork At Unnamed Locations is \$_____. This limit is for artwork at the framer, conservator, on loan to another institution, or for any reason you have decided to move a work to a location on a temporary basis. The insurance company provides this limit so you have the flexibility of sending items to other locations without having to contact your broker. Should you require more than \$_____ at Unnamed Locations, you will need to contact your broker for an increase. This request should be given in writing with:

- The effective dates of the increase
- Where the artwork will be temporarily housed
- The security and fire protection of the venue (Underwriters may require a separate Location Questionnaire or Facility Report)
- The new total limit required at the Unnamed Location

LEGAL LIABILITY

The limit for Legal Liability is \$_____ or in some policies is included in the policy limits. Legal Liability protects your institution if it becomes legally obligated to pay for damage/loss to items. This coverage includes defense costs, fines, recovery, judgments, etc. An example is when you have a loan agreement that indicates your institution is not responsible for the insurance. Something happens to the loaned item in your care, and the lender deems that your institution was grossly negligent and the lender proceeds with legal proceedings against your institution.

COMMON REQUESTS UNDER THE MUSEUM POLICY

Certificate of Insurance Many lenders require a Certificate of Insurance which simply states that your institution has ample insurance to cover the particular item(s) on loan to you. When you request a Certificate of Insurance from your broker, you should provide the following information:

- Effective dates of consignment
- Name of lender
- Address of lender
- E-mail or fax number of lender if you would like for your broker to directly send the certificate to the lender
- Artworks loaned and all of their details (artist, title, dimensions, media, year)
- Insurance value for each artwork. This value should be based on the agreed value noted on your loan agreement.
- Any special requests from Lender (Additional Insured, Loss Payees, etc.)
- Tip: Submit the information regarding the certificate holder/lender and the artwork in electronic format which shortens turnaround time and eliminates errors in your certificates

Loss Payee Sometimes a Lender will require that they be named Loss Payee under your policy for artworks they loan to you. Your broker has to change your policy and note special wording on the Certificate of Insurance for such requests. Please ensure that you advise your broker in writing of any Lenders requiring Loss Payee language. This wording allows the insurance company to directly pay the Lender for their insurable interest in artwork rather than paying your institution and then your remitting payment to the Lender.

Additional Insured Sometimes a Lender will require that they be named Additional Insured under your policy for artworks they loan to you. Your broker has to request a change to your policy and note special wording on the Certificate of Insurance for such requests. Please ensure that you advise your broker in writing of any Lenders requiring Additional Insured language.

When you are requested to name someone as Additional Insured under your Fine Art policy, they become subject to all of the terms and conditions under your policy including premium payment. Some benefits for the Lender/Additional

Insured are the insurance company/adjuster is able to talk to/negotiate with the Lender/ Additional Insured directly. The Lender/ Additional Insured would also have the benefit of the “Appraisal Clause” which states that if they do not agree with the insurance company’s settlement, then the Lender/ Additional Insured obtains an appraisal, the insurance company obtains an appraisal and a referee determines the value of the damaged/missing artwork based on the two appraisals. Also, if a Lender is an Additional Insured, the Lender could be required to sit for an Examination Under Oath by the insurance company.

Waiver of Subrogation Sometimes a framer, conservator, auction house, etc. may ask that you provide this wording for artworks in which you entrust them. The policy has to be amended for this request and Underwriters may charge an additional premium for this change. The wording prevents your insurance company from trying to recover any claims payment from the third party (conservator, framer, auction house, etc.) in the event of a loss for which the insurance company feels is the third party’s fault.

ENDORSEMENTS

Note: Please refer to page 3 for the definition of ‘Endorsement’’. Use this page to track the endorsements attached/added to your policy.

Endorsement #1: _____ A/P: \$ _____
 Endorsement #2: _____ A/P: \$ _____
 Endorsement #3: _____ A/P: \$ _____
 Endorsement #4: _____ A/P: \$ _____
 Endorsement #5: _____ A/P: \$ _____
 Endorsement #6: _____ A/P: \$ _____
 Endorsement #7: _____ A/P: \$ _____
 Endorsement #8: _____ A/P: \$ _____
 Endorsement #9: _____ A/P: \$ _____

Total Additional Premium _____
 Annual Premium \$ _____ + Additional Premium \$ _____
 = Total paid throughout entire policy period

SOME POLICY CONDITIONS

Records Clause You must maintain an accurate and itemized inventory of all property insured under the policy.

Packing Clause To the best of your ability, the insured items will be packed, unpacked, and shipped by competent and/or professional packers and shippers. Some policies contain restrictions for transit via USPS and Express Carriers.

Alarm Maintenance Clause The Alarm System installed at the premises will be maintained under a contract with the alarm company. If the equipment fails and you were unaware of the failure, then the policy would respond. Whenever the named locations are left unattended, the Alarm System has to be in full force.

POLICY EXCLUSIONS

- Wear, tear, moths, vermin, inherent vice, gradual deterioration
- Damage due to repairing, restoration, or retouching process except if the Insurance Company directed this process as part of a loss settlement.
- War/Warlike action
- Governmental authority including seizure of property
- Radiation/Nuclear

TERRITORIAL RESTRICTION

Many policies have some kind of exclusion for specific countries. Most times excluded countries are related to places where US sanctions exist and from where the United States government prohibits the Insured and the Company from transacting business. If you need to send artwork to any of these countries, you need to contact your broker immediately to see if your Underwriter/Insurance Company will consider this transaction under your policy.

VALUATION CLAUSE

The Valuation Clause on a policy determines the basis on which you will be paid in the event of a claim. The basic Valuation Clause on the policy is:

Owned Items Current Market Value at the time of loss.

Loaned Items Agreed Value; in the event no Agreed Value is listed, Current Market Value, not to exceed the policy limits.

Items offered as gifts/in the process of being acquired/etc. Agreed Value between the Insured and the third party. If no Agreed Value, the Current Market Value.

Jointly Owned Agreed Value between the Insured and the others who have interest in the property. If no Agreed Value, the Current Market Value.

Packing Crates/Electronic Equipment/etc. Replacement Cost

Reference Library Current Market Value

Partial Loss Costs and expenses for repair and/or restoration + additional expenses + depreciation

TERRORISM

Terrorism insurance has changed significantly since 2002, when the Terrorism Risk Insurance Act (TRIA) was first introduced. At this point, there are a number of Terrorism options including:

- Terrorism Risk Insurance Program Reauthorization Act (TRIPRA) is the new form of TRIA effective 12/31/2007. TRIPRA provides the following:
 - Secretary of Treasury can certify an act of terrorism regardless of if the act was committed by domestic or foreign entities.
 - If the total insurance claims for a terrorist act exceed \$100 billion, then the insurance company does not have to pay for any losses over \$100 billion.
 - Adjusts the timeline by which claims payments are made by the government.
- Certified and Non-Certified Acts of Terrorism – the insurance company will use TRIPRA if a terrorist act is covered by this program. If the act falls outside of this program, they will also pay the claim.

- T3 – London Terrorism – Broader than TRIPRA and is not reliant on any federal program. Exclusions are essentially the same as the Fine Art policy.
- Full Terrorism/No Exclusion – No Terrorism exclusion is placed on the policy

BELLS AND WHISTLES

There are many additional coverages you can add onto your Museum Policy. Most of these “add-ons” can be made at no additional cost.

Reference Library You should ensure that the total limit of your reference library is considered in your policy limits. This coverage may include portfolios, books, exhibition catalogues, manuscripts, letters, documents, slides, photographs, negatives, videos and computer data.

Frames, Crates, and Technical Equipment This coverage is especially valuable if your institution frequently displays/owns video art. Rather than insuring a DVD player on your museum’s Commercial Package Policy, this coverage will help with video art related loans and items your institution owns. You should ensure that the total limit of these items are considered within your policy limits.

Indemnity Deductible Various Indemnity programs throughout the world include different deductibles. The US Indemnity Deductible is \$600,000 per exhibition. If this clause is included on the policy, the insurance company would pay the Indemnity Deductible should there be a claim on an indemnified exhibition.

Loss Payment Currency Agreement This wording enables any claim to be paid in the currency of the lender’s/work’s origin or as listed on the loan agreement. Take care to purchase proper coverage that includes consideration for loans originating from lenders from countries with higher valued currency.

Currency Fluctuation This wording enables the insurance claim to be paid in US dollars converted from the original currency listed on the loan agreement. The conversion rate is applied based on the loan agreement date. This wording is especially important to include with the current state of currency fluctuation worldwide.

Designing Your Insurance Program – Covering Risk from Every Angle

Reward Coverage The Insurance Company offers a monetary reward leading to the successful return of undamaged stolen property to law enforcement agency or the arrest and conviction of any person who has damaged or stolen and covered property. Generally there is a sublimit for this coverage and should be in addition to the policy limits.

Gift Shop Coverage Typically, gift shop inventory is covered under the Commercial Package Policy; however, if you hold some items that could be considered under the definition of “fine art”, you may want to have your policy include a sublimit for “Commercial Fine Art”. The Package policy may not respond well, or at all, to these higher end “art” objects for sale.

EXHIBITION POLICIES OPTIONS FOR INSURANCE

Policy Structuring Options for Exhibitions: The following are three policy options to consider when planning exhibitions:

- Insure the artwork under a separate exhibition policy through your current fine art insurer:

Pros

- You have the same exact coverage (and claims handling) you currently enjoy through your fine art insurance company.
- If a claim occurred, it would fall under this separate policy and would not affect your annual policy.
- You can pass the expense onto the borrowing institutions.

Cons

- This can be a more expensive option.

- Insure the artwork using your current policy limits and obtaining a temporary “In Transit” and “At Other Locations” increase for the exhibition

Pros

- Often the least expensive option.

Cons

- You have little control over the artwork while it is on exhibition. If another institution causes damage to your work, the claim is paid under your policy and could potentially affect your annual policy premium. This is a very serious factor to consider.

Designing Your Insurance Program – Covering Risk from Every Angle

- Allow the borrowing venues to use their insurance

Pros

- Keeps cost down for the borrowing institutions.

Cons

- Unsure of coverage. Your broker should thoroughly review the insurance policies to ensure that coverage is comparable to what you currently have in place.
- Unsure of claims handling. You want to feel secure that a claim would get paid under any policy in place – unknown factor (i.e. exclusions unacceptable to your institution) with another insurance company.
- Legal jurisdiction = country in which the insurance policy was issued. Should a legal dispute arise, you have to go to the country in which the policy was issued to defend/bring a suit.

EXHIBITION POLICIES – GETTING ORGANIZED

Information Required: The following is information you should provide to your broker as you begin planning for an exhibition:

- Exhibition Name
- Venue(s) name and address
- Venue(s) Facility Report
- Exhibition Dates
- Shipping Dates
- Shipper
- List of items, details, and their “Agreed Values” (based on the Loan Agreements). Many registrars create elaborate spreadsheets that include individual “worksheets” outlining the following information:
 - List of items with values, etc. with special requirements from each lender noted.
 - Individual “tab” or “worksheet” represents one transit leg with separate shipments (dispersals, continuing onto next venue, etc.) noted.
 - Individual “tab” or “worksheet” represents one venue with each item listed.
- Any special requests for Loss Payee, Additional Insured, or special wording/insurance requirements from Lenders.
- Are Certificates of Insurance required for all Lenders?

- Confirmation of Condition Reports on all legs of the exhibition.
- Do you want to take out a separate exhibition policy for this exhibition or use your current limits?

EXHIBITION POLICIES – GOVERNMENT INDEMNITY

Government Indemnity and your Museum/Exhibition Policy: Many countries have Government Indemnity programs intended to aid in the insurance costs associated with institutions organizing costly exhibitions. Indemnity can be granted in the following ways which affects the insurance coverage you will need to secure in conjunction with indemnified exhibitions:

- Indemnity board agrees to completely cover the work at the value listed – your institution’s policy/separate exhibition policy does not need to apply
- Indemnity board agrees to a different value for a specific work – your institution’s policy/separate exhibition policy insurance could insure “excess of indemnity” for these specific items
- Indemnity board declines to cover the item under Indemnity – your institution’s policy/separate exhibition policy can cover these items 100%

COMMERCIAL INSURANCE POLICIES

The following policies fall outside of the fine art realm. Some registrars handle these coverages, while often an institution's CFO or Finance Director will maintain control of these policies.

COMMERCIAL PACKAGE POLICY

Of all of the non-fine art related policies that follow, you will need to understand the Commercial Package Policy. The Package Policy provides coverage for the actual building (if your institution owns it), business contents (Business Personal Property), and General Liability. The General Liability portion of this policy is most applicable to a registrar, especially regarding contractors (packers/shippers) coming onto your premises.

- _____ Broker
- _____ Insurance Company
- _____ Policy Number
- _____ Effective Dates
- \$ _____ Annual Premium
- \$ _____ Deductible
- \$ _____ Wind Deductible
- \$ _____ Earthquake Deductible

BUILDING

\$_____ Limit

BUSINESS PERSONAL PROPERTY

\$_____ Limit

Traditionally known as “contents,” this term actually refers to furniture, fixtures (defined as Improvements and Betterments if the premises is rented from others), equipment, machinery, merchandise, materials, and all other personal property owned by the insured and used in the insured’s business.

BUSINESS INCOME/EXTRA EXPENSE

\$_____ Limit

An Insured’s business may sustain a substantial loss of revenue if their operations must be discontinued for a period of time due to direct loss from a covered peril (e.g. fire, explosion, etc.). “Business Income” coverage is available for operations that may be forced to shut down for a lengthy period of time during restoration. Coverage can include or exclude ordinary payroll, depending on the Insured’s need.

“Extra Expense” coverage should be considered for commercial entities that would have to re-locate quickly (within a few days), in order to remain in business. This coverage can be purchased to reimburse the Insured for expenses incurred beyond their normal operating expenses, in the event of a direct loss due to a covered peril (e.g. the expense to find and re-locate to temporary office space, set-up of additional phone lines, cables, etc.).

ACCOUNTS RECEIVABLE

\$_____ Limit

Pays for the cost of reconstructing accounts receivable records that have been damaged or destroyed by a covered peril.

VALUABLE PAPERS COVERAGE

\$ _____ Limit

Provides "all risk" coverage on "valuable papers," such as: written, printed, or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages, and manuscripts. It covers the cost of research to reconstruct damaged records, as well as the cost of new paper and transcription.

GENERAL LIABILITY

\$ _____ Per Occurrence

\$ _____ General Aggregate

Commercial General Liability coverage provides bodily injury and/or property damage coverage as respects suits brought by third parties, which the Named Insured may be found legally obligated to pay. Exposures include, but are not limited to, liability involving the Named Insured's premises, operations, products, certain contractual obligations, fire/legal damage and/or personal & advertising injury exposures.

Some food for thought If an artwork causes someone bodily injury (example: sculpture falls on top of someone and hurts them), this would fall under the Commercial General Liability section of your Commercial Package policy. If you loan artwork to another institution, you may want to be added as an Additional Insured under their General Liability policy.

NON-OWNED & HIRED AUTO

(sometimes this is covered under a separate policy)

\$ _____ Limit

This coverage provides Automobile Liability insurance that protects the Insured from claims alleging bodily injury and/or property damage as respects the Insured's utilization of a non-owned or hired/ rented vehicle. The exposure for this type of loss also includes employees of the Insured who may use their own vehicles in the course of their work for the Insured. Non-Owned & Hired Auto Physical Damage is also an option (in the event the Insured may be held responsible for damages to the vehicle itself).

EMPLOYERS NON-OWNED AUTO

This policy would cover an Employer for Liability coverage in the event that an employee was involved in an accident while running errands on the employer's behalf. The Liability for the Employer is Excess over the Employee's Auto Insurance Liability Limits.

UMBRELLA / EXCESS LIABILITY

\$ _____ Limit

Higher and/or broader limits of liability may be available over primary General Liability, Auto, Workers' Compensation, and Employers' Liability limits via the use of an Umbrella or Excess Liability policy. Current exposures to loss in all areas should be routinely monitored to determine the possible need for increased liability limits. Sometimes this Umbrella limit is mandated by the landlord/lease if you rent your space.

WORKERS COMPENSATION – STATE

Statutory coverage for job related injury/illness. Premium based on annual audit of payroll and job descriptions. Employers are required by law to carry Workers Compensation coverage for their employees. Employers Liability coverage is also available to protect the employer in the event of a third party claim. Independent contractors may be deemed as "employees" if their time schedules and duties are dictated to a given extent by the "employer". The Workers' Compensation policy may also be endorsed to cover corporate executive officers as employees. If your employees travel overseas, then your institution should also have an International Workers' Compensation policy.

EMPLOYER'S LIABILITY

\$ _____ Bodily Injury by Accident; each accident

\$ _____ Bodily Injury by Disease; policy limit

\$ _____ Bodily Injury by Disease; each employee

Provides coverage for the Insured's legal obligation, as an employer, to pay damages to a third party because of bodily injury by accident or disease, including resulting death sustained by an employee during the course of his/her employment (other than benefits granted via utilization of the applicable Workers' Compensation law).

DISABILITY COVERAGE – STATUTORY

Statutory non job related injury/illness. Number of Male and Female employees audited on an annual basis. Some states, such as New York, require that employers carry State Disability Insurance. This coverage is relatively inexpensive. In order to obtain coverage you provide the number of employees and how many are male vs. female.

ERRORS & OMISSIONS (PROFESSIONAL LIABILITY)

Errors and Omissions insurance indemnifies the Insured against loss sustained because of an error or oversight on the Insured's part while conducting or providing certain professional services and/or activities. Lawsuits of this type are not uncommon and can involve tremendous financial consequence for an Insured without adequate protection. Standard underwriting items required for obtaining premium indications include a completed/signed application and copies of current financial statements.

EMPLOYMENT PRACTICES LIABILITY

Employers face potential liability suits brought by employees alleging wrongful termination, discrimination, sexual harassment, etc. (these types of losses are excluded from general liability and workers' compensation policies). Employment Practices Liability not only provides coverage for these losses, but also allows for costs of defense in the event of false accusation by the employee(s). Premiums are based on an underwriting review of the business, which requires such items as a completed application; copy of the employee handbook; employment application; and employee evaluation.

EMPLOYEE BENEFITS LIABILITY

An employer establishing and maintaining any program providing benefits to its employees is subject to claims alleging mishandling of the benefit plan, and should carry insurance providing coverage for this type of loss. Various plans cover such contingencies as medical expenses, disability retirement and death, and are usually paid for in whole or in part by the employer.

FLOOD & EXCESS FLOOD

Flood coverage is available for Building & Contents protection against perils such as unusual and rapid accumulation or runoff of surface waters (from any source), the overflow of inland and tidal waters, or mudflows that are caused by flood.

Primary Flood coverage is available through the National Flood Insurance Program. If the limits provided are not sufficient, excess flood coverage may also be obtained. Please note that a Primary Flood policy must be obtained for each separate structure such as a utility building. Also be advised that a “flood” is a very specific occurrence, which must affect two or more acres or two or more properties.

CRIME COVERAGE / EMPLOYEE DISHONESTY

Coverage may be purchased for protection against dishonest acts committed by the Insured’s employees (covers losses of money, securities and other property, and includes acts such as computer fraud, forgery, and involvement in the circulation of counterfeit money and securities). Broader Crime coverage is also available, extending coverage for protection against other criminal acts (e.g. burglary, robbery, etc.), which may be committed against the Insured by perpetrators other than the Insured’s employees. If your museum conducts fundraising efforts, this coverage is especially important.

PENSION AND/OR ERISA BONDS

Pension plans, by law, must be covered against dishonesty. A Pension and/or ERISA Bond is specifically written to address this issue for an Insured providing such a plan to employees. It is important to note that a pension bond will not encompass certain other areas of coverage, such as fiduciary liability, and further risk management may be warranted.

FIDUCIARY LIABILITY

An employer establishing and maintaining any program providing benefits to its employees is subject to claims alleging mishandling of the benefit plan and should carry insurance providing coverage for this type of loss. Fiduciary Liability must be written (rather than Employee Benefits Liability) when benefit plans are *ERISA related (*Employee Retirement Income Security Act) because Employee Benefits

Liability excludes plans which are governed by ERISA. Coverage provisions under Fiduciary Liability are much the same as those provided under Employee Benefits Liability, in that they address mishandling of the benefit plan. However, they are specified in further detail in accordance with the mandates of ERISA.

EXECUTIVE PROTECTION

Coverage for Kidnap, Ransom, Extortion, and/or Detention is available for insured persons, relatives, guests, or employees (including directors and officers). Accidental Death and Dismemberment is offered with this policy. The territorial limits are worldwide.

FOREIGN LIABILITY & CONTINGENT AUTOMOBILE LIABILITY

This coverage provides bodily injury and property damage for liability arising out of accidents and fortuitous occurrences outside the United States of America and Canada. Coverage is highly recommended if traveling abroad for business. Also, the purchase of Automobile Insurance directly from rental companies on vehicles rented outside the United States is further recommended.

FOREIGN WORKERS' COMPENSATION & EMPLOYER'S LIABILITY

This coverage provides Workers' Compensation & Employer's Liability for United States hires and/or third country nationals (when requested), while doing business outside the United States of America and Canada. Coverage is recommended if business activities involve employees traveling abroad.

LIFE & HEALTH

Your institution probably offers its employees coverage including, but not limited to, Life, Health, Major Medical, Group, Long Term Care and Disability. Your broker can help you with any of these coverages.

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