



CHAPTER MEETING MINUTES
September 24, 2009
Headliners Club 11:45 am - 1:00 pm

PRESIDENT REPORT - Amanda Koplos

Amanda announced that the Chapter Retreat last weekend was successful and a lot of fun! There was a terrific turnout of over 45 attendees. If there are any pictures out there, please send to Amanda.

The Region 4 Conference is next Friday and Saturday at the Crown Plaza in San Antonio. Please register and attend if you can. The Chapter will reimburse members who qualify up to \$300 for registration. There will be an Austin Chapter dinner on Friday night at Casa Rio on the Riverwalk. More information will be sent out this week to all Chapter attendees.

COMMITTEE ANNOUNCEMENTS

Community Relations: Bonnie Zook (for Peggy Shaw not attending)

The Community Relations Committee has decided on doing an Extreme Makeover again but for Linder Elementary School for our Community Challenge Weekend. We will be making over an entire Communities in Schools workshop room and there are several ways for you to participate. You can contribute money to supplies for the makeover, donate a wish list item for the room, donate new or gently used clothing for all ages, or donate other items. An informational e-mail will be sent next week.



with more specific information. Please participate in any way you can because they really need the help.

Newsletter: Amanda Koplos (for Debbie Roan not attending)

The next edition of the Chapter's electronic Newsletter will be out the second week of October.

SPEAKERS

Managing your Property and Casualty Insurance Program

PRESENTER BIO: George "Bubba" Sykes, CIC, CRM is a Managing Director of Wortham Insurance & Risk Management in Austin. He has 19 years of experience in the Property & Casualty Insurance industry with extensive experience in structure, placement, and servicing of complex property and casualty accounts in multiple industry sectors. He received his BBA in Finance from the University of Texas at Austin and is a Certified Insurance Counselor (CIC) and a Certified Risk Manager (CRM). He is currently the President of the Independent Agents of Austin.

Mark Gaskamp, CSP, CRM, ARM, CIC, ALCM, CPCU is a Managing Director of Wortham Insurance & Risk Management in Austin. He is responsible for leading the Risk Management Practice Group, Quality Assurance program, and a variety of other roles for the Austin office. Mark is very active in the safety and risk management community, and is a national faculty member of the National Alliance Certified Risk Manager's program and the President of the Central Texas Chapter of the American Society of Safety Engineers. Mark has published numerous insurance and risk management articles and presented at regional and national professional development conferences. Mark holds a BBA in Risk Management and Finance from the University of Texas at Austin. He has attained the following professional designations: Certified Safety Professional (CSP), Certified Risk Manager (CRM), Certified Insurance Counselor (CIC), Associate in Risk Management (ARM), Associate in Loss Control Management (ALCM), and Certified Property and Casualty Underwriter (CPCU), and Certified Playground Safety Inspector (CPSI).



TOPIC DESCRIPTION: Is your firm prepared if disaster strikes? What if someone slips and falls in your reception area? What if one of your attorneys is involved in a car accident on the way to a client meeting? Does your firm's insurance cover these situations? Mark Gaskamp and Bubba Sykes will review the types of insurance coverages law firms need and help you determine what coverage is best for your firm. In addition, they will cover:


1. How to go about your review of coverage, how insurance coverage varies greatly from one carrier to the next.
2. Current market conditions.
3. Business interruption insurance for law firms.

(Handouts and Power Point Attached)



Austin Chapter Association of Legal Administrators

Managing Your Property & Casualty Insurance Program



George "Bubba" Sykes, CIC, CRM
Mark Gaskamp CIC, CRM, CPCU, CSP
Wortham Insurance & Risk Management

September 2009

Overview for Today

Property & Casualty Insurance

- *Who insures law firms?*
- *Are all these policies the same? - How programs vary*
- *Which exposures/ coverages should I be most concerned?*
- *How can I analyze my exposures?*
- *Where is the marketplace today?*

Questions & Answers

Critical Insurance Coverages

- Property**
 - ***Business Personal Property (Handout)***
 - ***Business Income/ Extra Expense***
 - ***Electronic Equipment***
 - ***Valuable Papers***
 - ***Off Premises Property***
 - ***Leasehold Improvements***
- General Liability**
 - **Personal Injury**
 - **Special Events**
- Auto**
 - **Non-owned auto**
- Workers Compensation**
 - **Terrorism Exposure**

- Management Liability**
- Employment Practices**
- Fiduciary/ Crime**
- Cyber Risk**
- Employee Benefits**
- Professional Liability**

- Business Income- Actual Loss vs. Specific Amount**
- Blanket Limits**
- Personal Injury**
- “Additional Benefits”**
 - **Unique to each carrier**
 - **Basket Aggregates**
- Rating Basis Variances**

Business Continuity Planning

➤ Business

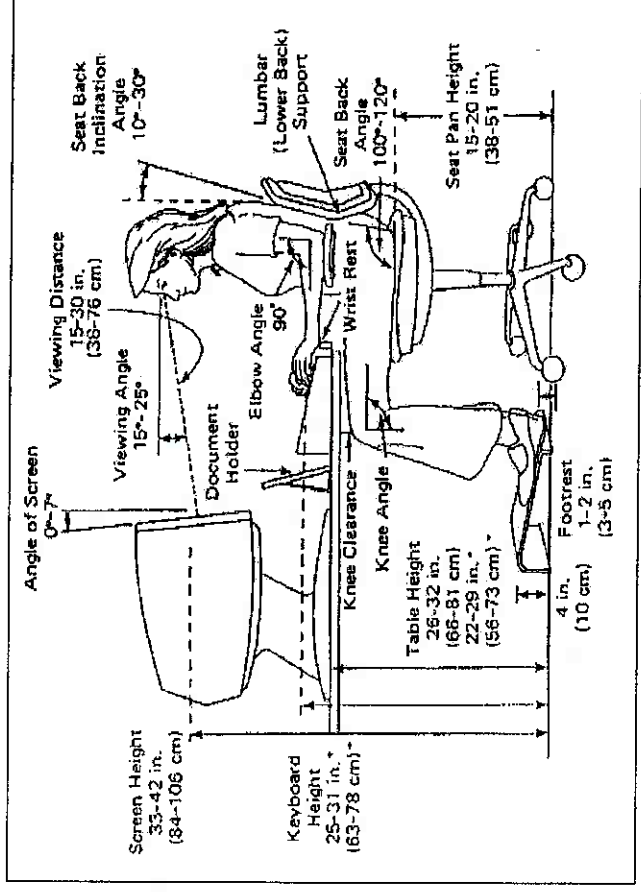
➤ People

Leases & Contracts

Security

Accident Investigation

Office Ergonomics
i.e. Carpal Tunnel



Analyzing Your Exposures

- Who are we? What do we do? Where do we do it?
- Exposure Checklist
 - Tool to ID internal and external risks
- Review Contract Requirements
 - Leases, client & independent contractor agreements
- Analyze Financials
 - What are our revenues and costs?
- Establish a Risk Management Team
 - Interviews with employees and partners
 - Routine Premises inspections

Current Insurance Marketplace

- ❑ **Very Competitive environment**
 - Preferred class of Several Carriers
 - Pricing is Soft – low hazard Work comp class, well protected property locations
- ❑ **Carriers offering coverage enhancements and additional services to compete/differentiate**

Questions?

Thank you!

George "Bubba" Sykes

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WORTHAM
Insurance & Risk Management
Law Firm Practice Group

	<i>Exposure</i>	<i>Limits</i>	<i>Comments</i>
1st Party Property (For each location)			
Building/Real Property			
Building Ordinance/Law			
Permanently Attached Property (signs)			
Tenant Improvements (lease agreement)			
Business Personal Property (see separate guide)			
Property of Others including Partners/Employees			
Electronic Equipment - Hardware			
Electronic Equipment - Software			
Property off Premises			
Property in Transit incl. Mail Coverage			
Fine Arts			
Valuable Papers			
Building Systems Mechanical breakdown cover			
Business Interruption/Extra Expense (see separate guide)			
Off Premises Power Failure (incl Buss Interrupt)			
General Liability			
Property Damage Liability of Leased Property			
Employee Benefit Liability			
Special Events/Liquor Liability			
Foreign Liability			
Auto			
Owned Autos Liability			
Owned Autos Physical Damage			
Rental Car Liability			
Rental Car Physical Damage			
Non-owned Liability			

BUSINESS INCOME/EXTRA EXPENSE WORKSHEET

Actual Fiscal Estimate

Year Ending Year Beginning

Date: _____ Date: _____

1. Annual Revenue (from all sources) \$ _____ \$ _____

2. Revenue you will maintain annually while your premises are being restored.
\$ _____ \$ _____

3. Line 1 minus Line 2
\$ _____ \$ _____

4. Maximum number of months to restore operations to level you would have achieved had you not had a loss? _____ months _____ months

5. Convert months to percentage, i.e.; _____ % _____ %
 6 months = 50%
 9 months = 75%
 12 months = 100%
 15 months = 125%
 18 months = 150%
 24 months = 200%

6. Multiply Line 3 by Line 5
\$ _____ \$ _____

7. Operating expenses*, over and above normal operating expenses, to:
 \$ _____ \$ _____
 – maintain temporary premises; and
 – conduct business on temporary basis,
 so as to obtain the revenue estimated in line 2

8. Add Line 6 and Line 7
\$ _____ \$ _____

Total Combined B.I. & E.E.

* To be accurate, use the extra expense worksheet

EXTRA EXPENSE WORKSHEET

1. This worksheet is designed to help you determine the extra monthly costs necessary to continue operations as your business recovers after a physical loss.
2. Typically the start-up (1st month) and close down (last month) will have larger extra expenses than the intervening months following a loss.
3. The total number of months in this worksheet should equal the number of months shown in item #4, "Estimate" column page 2.

	1st Month	Intervening Months	Last Month
Rent:			
• Temporary location	\$	\$	\$
• Temporary fixtures, machinery and equipment	+	+	+
Moving and Hauling	+	+	+
Installation of operations at temporary location	+	+	+
Light, heat, and power at temporary location	+	+	+
Maintenance at temporary location	+	+	+
Insurance at temporary location	+	+	+
Employee expenses:	+	+	+
• Transportation	+	+	+
• Payroll incidentals	+	+	+
• Overtime	+	+	+
• Nightwork	+	+	+
• Travel allowances	+	+	+
• Incentives	+	+	+
• Additional staff	+	+	+
Advertising	+	+	+
Telephone and communications (installation and maintenance at temporary location)	+	+	+
Engineering and administrative costs	+	+	+
Emergency facilities	+	+	+
Transporting supplies and materials to temporary location	+	+	+
Net cost of services purchased	+	+	+
Net amount paid to others for processing and performing operations for you	+	+	+
Net cost of property and equipment purchased for temporary site. (Note: Please consider the "sale or salvage" value of property and equipment after restoration)	+	+	+
Additional freight and shipping costs due to temporary location	+	+	+
Automobile rentals	+	+	+
Bonuses paid	+	+	+
Additional utility excess demand charge	+	+	+
Other:	+	+	+
	+	+	+
TOTAL = A		= B	= C

To complete calculation, carry totals (A), (B), and (C) to BI Worksheet

Determining Total Extra Dollar Requirements

Base your calculations on the longest foreseeable recovery period, in order to ensure adequate coverage.

LINE

1. Total expense per month for each subsequent month following loss. (Carry over (B) from prior page.)	\$
2. Number of months required to recover from total destruction of property excluding first and last months if Extra Expense dollars are spent. (BE CONSERVATIVE)	x
3. Total extra expense for all months except first and last months. (LINE 2 X LINE 1) = \$	= \$ <u> </u>
4. Total extra expense for first month following loss. (Carry over (A) from prior page.) + \$	+ \$
5. Total extra expense for last month following loss. (Carry over (C) from prior page.) + \$	+ \$
6. Estimated total expense dollars for full recovery period. (SUM OF LINES 3, 4, & 5) = \$	= \$ <u> </u>

CARRY THE AMOUNT IN LINE 6 ABOVE TO TO THE BUSINESS INCOME/EXTRA EXPENSE WORKSHEET.

Law Firm Practice Group

HOW TO VALUE PERSONAL PROPERTY

Total the values of 1-7 and divide by the firm's rentable square footage

- 1. Value of improvements and betterments
(Based on an architect's estimate)**

+

- 2. Average cost for a Partner's office
(Multiplied by the number of Partners)**

+

- 3. Average cost for an Associate's office
(Multiplied by the number of Associates)**

+

- 4. Average cost for secretarial workstations
(Multiplied by the number of secretaries)**

+

- 5. Average cost for work place areas multiplied by the number of areas.**

+

- 6. Replacement cost for office machines such as copiers, faxes, scanners,
etc.**

+

- 7. Replacement cost for library
(Average figure per volume to be a useful device in valuing the library)**

- 8. Divide the total value of items 1-7 by the firms rentable square footage**

Other items to consider:

- Conference rooms- Technical equipment and valuable furnishings require these areas to be valued separately.
- Property of others in the Firm's custody- May require separate valuation, such as leased equipment. Each lease should be examined for the insurance requirement
- Partners' personally owned business property- Should be included in the Firm's limits as long as the Firm elects to insure it. The Firm should have a statement of policy regarding insuring such property and unusual situations, such as personal Fine Arts collections.

SAMPLE
Law Office Coverage Comparison Highlights

	Carrier A	Carrier B	Carrier C
Automatic Blanket Limit	\$500,000 Blanket Limit Each Scheduled Location In Addition to Specific Limits	Not available	Lessor of \$250,000 or 25% of the Property limit of each location
Accounts Receivable	Included in automatic blanket limit	\$250,000 Additional Benefit	Purchased limit
Leasehold Interest	Included in automatic blanket limit	Included in BPP	Included in BPP
Personal Property of Employees	Included in automatic blanket limit	Included in BPP	Included in BPP
EDP & Valuable Papers			
Unspecified Premises	\$50,000	Must be purchased	Purchased limit
In Storage- Off Premises	\$100,000	EDP only \$100,000	Not available
Surface Water or Backup of Sewer or Drains	Policy limit	\$25,000 Surface Water Excluded	Excluded
Mechanical Breakdown Air Conditioning, Phone	Policy limit	Purchased Limit	Sublimit \$100,000
Fire Legal Liability	\$1,000,000	Purchased Limit	\$300,000
Building Ordinance	Policy limit	Sublimit Applies	Sublimit Lessor of \$500,000 or 25% of Building Value No BPP Coverage
Loss Prevention Expense	\$15,000	Not available	Not available
Impairment of Computer Services			
Inside attack	\$100,000	Not available	Not available
Outside attack (each event)	\$10,000	Not available	Not available
Outside attack (aggregate)	\$50,000	Not available	Not available
Business Income	\$2,000,000 Limit	Actual Loss Sustained 365 days	Purchased limit
Extra Expense	\$250,000 Covers Expenses to Avoid Impairment	Included in BI Limit	\$50,000 Expenses related to repair or replace damaged property.
Loss of Utilities	\$25,000	Not available	Not available
Ingress/ Egress	\$50,000	Not available	Not available
Dependent Business Income	\$250,000 24 Hour Waiting Period Worldwide	Purchased Limit	\$100,000 72 Hour Waiting Period (Extend Worldwide for additional premium)
Extended Period of Indemnity	Unlimited	90 days	180 days (Extend up to 1 yr for additional premium)
Billable Hours Option	No limitation	Sublimit of \$10,000 per occurrence	Sublimit of \$10,000 per occurrence