

The GLB Underwriter

A Quarterly Publication of GLB Insurance Group



GLB INSURANCE GROUP
OF NEVADA

Founded by George L. Brown in 1941.



Tips for Teen Drivers.

Save your sanity and some money while you're at it.



Ask an Agent.

GLB agents answer commonly asked insurance questions.



Fire Sprinklers.

Things you should know if your building has a sprinkler system.

Russ Swain Receives Honors at Nevada Independent Insurance Agents' Annual Convention.

Russ Swain, President of GLB Insurance Group of Nevada, was recently recognized by the American Association of Managing General Agents (AAMGA), with the Association Achievement Award. AAMGA is an international trade association comprised of the premier wholesale property and casualty agents and companies in the insurance industry.

The Association Achievement Award is an annual award given to one insurance professional from each state that has demonstrated excellence in the insurance field, leadership among other insurance professionals, and worked toward bettering the business of insurance. The honor was given to Swain at the Sixtieth Annual Nevada Independent Insurance Agents Convention this June in Napa, CA.

Bizarre Insurance Claims!

The next time you have something misplaced or damaged you might want to think about what kind of a claim you could make on it! In the United Kingdom, claims have been made for:

1. A diamond eaten by a small child
2. A digital camera eaten by a dog
3. A solitary cufflink

Make sure to watch next month for the next three most bizarre claims!

Wraps 101 – Guide to Construction Insurance

To most people, a “wrap” is something to be enjoyed over lunch, a treatment at the local day spa, or what you say at the end of shooting a movie scene. But in the construction industry, it has a completely different meaning. Insurance companies provide policies designed for construction companies, known as wraps, that put all contractors and subcontractors together under a single policy. This provides the benefit of group coverage and protection for all parties involved on a project.

During the bidding process, the insurance company must look at a standard amount of coverage for all subcontractors, a tiered cost based on the risk type, the subcontractors' own cost under their Commercial General Liability (CGL), and also a sliding scale based on the size of the contract.

Wraps can be categorized as Owner-Controlled Insurance Programs (OCIP) or Contractor-Controlled Insurance Programs (CCIP).

OCIPs insure the owner, construction manager, general contractor, subcontractors, architect, engineer and surveyors under the same policy. This policy usually includes workers' comp, general liability, umbrella liability, payment & performance bonds, and builders' risk insurance in one policy. There are many benefits to this program, including:

- Avoiding duplication of coverages, reducing premium costs
- Eliminating the need for additional insurance since the project insurance is provided by the owner
- Eliminating lawsuits against subcontractors

Most Common Defects:

1. Structural/Rough Carpentry
2. Roofing
3. Windows
4. Plumbing
5. HVAC

According to R.J. Marshburn & Associates

tors covered under different policies b/c they're all under the same one

- Requiring coordinated safety programs which then bring savings greater than the cost of paying someone to run this program
- Eliminating the need for each subcontractor to give a performance bond
 - Brings substantial savings
 - Contractors that couldn't afford a bond can still bid on the work which results in increased competition and lower bids

CCIPs are useful for contractors who want to wrap several projects with different owners. If an owner doesn't want to run a safety program, a CCIP helps because monitoring and enforcing project safety remains with the contractor.

Wrap insurance policies can help control the constant fight against litigation. The wraps ensure that there is one single defense, rather than lawsuits on all levels of involvement. It provides a “one for all” defense strategy, and it helps reduce cross-litigation. For more information on construction insurance services, visit www.glbins.com/industries_construction.

Meet Diane Prater-Kelly



Diane Prater-kelly, Principal, GLB Insurance.

Diane Prater-Kelly is a true professional success story. She got her start in the Las Vegas insurance industry 30 years ago as an underwriting secretary and has worked her way up the corporate ladder, becoming a mentor to her employees along the way. Now a Principal at GLB Insurance Group, she is the only female partner in the company. She has been active in several insurance organizations such as Insurance Women and Women in Construction, served as an educator in the insurance program at UNLV, and was one of only three women to ever hold the position of President of the Independent Insurance Agents of Southern Nevada.

Diane got her start under the watchful eye of her father at his company Atkin & Prater, Inc. Following his retirement, she and her brother Gary began to take over accounts and assume the ownership of the agency. As the New Year struck in 2003, Diane and Gary decided to expand the business, and in April 2004, they merged their company with George L. Brown Insurance Agency to form GLB Insurance Group of Nevada.

Diane is happy to have seen the advance of the industry and enjoys the progress technology has brought to her life. She is now able to work from home a few days during the week.

Diane loves traveling with her husband, especially if a visit to any of their nine grand children is included on the itinerary.

"I am lucky and thankful to have been given the opportunity for this challenging and successful career," said Prater-Kelly.

Tips for Teen Drivers in Your Household.

Inexperience and immaturity make it much more likely that a teenage driver will have an accident than an adult driver. A driver in the age group of 16-19 is FOUR times more likely to have an accident than an older adult and TWICE as likely to die in an auto accident (in some states, a 16-year-old is TWENTY times more likely to have an accident than an older adult). A 16-year-old is THREE times more likely to have an accident than someone 18-19 years old. OVER ONE-THIRD of all deaths in the 16-19 year old range are due to auto accidents.

From an insurance standpoint, it is more expensive if your child has a vehicle driven primarily by them. Consider not getting your child his/her own auto and letting him/her drive a family car. If you insist on providing him/her with an auto, consider buying an inexpensive, but reliable, used car.



Anticipate at least one or more fender benders. In general, you are better off not buying collision insurance and reporting these minor claims...an increased claim frequency can result in higher premiums or nonrenewal.

Unless it is impossible, do not insure your child's auto under a separate policy. It is almost always advantageous, from a pricing and coverage standpoint, to have your child's auto on your policy. In addition, statistics show conclusively that teenagers have a higher claims frequency and severity; make sure you have a personal umbrella policy with at least a \$1 million limit. The cost can be as low as \$150, but could be as high as \$300 or more. Still, it's a bargain to protect yourself and your assets from catastrophic loss.

Have your child complete a driver's education program. That can reduce your premium by 10% or more.

If applicable, ask for a "good student" discount. If your child's grade point average is a "B" or better, you could get a discount of 10-20% or more.

MOST IMPORTANT, practice sound loss control. When dealing with teenage drivers, preventing accidents is more important than relying on insurance to fix things. Insurance can replace your vehicles and pay for broken bones, but it can't replace the most important thing in life...your child. So, consider the following:

Talk seriously to your child about the dangers of driving, including driving under the influence, horseplay, etc. Use statistics from web sites such as www.iii.org to impress upon them how dangerous driving can be.

Consider prohibiting your teen from transporting more than one passenger...

some state graduated licensing laws may require this too. Reckless behavior is directly proportional to the number of teens in a vehicle. By limiting the number of passengers, you reduce the chance that peer pressure and dares might result in your child taking foolhardy chances.

Consider having your child sign a "contract" similar to the one at www.parentingteendrivers.com if anything, it will get his/her attention.

Driving is a privilege, not a right. If your child violates your rules or the rules of the road, take that privilege away from them until they can demonstrate that they understand the seriousness of this responsibility and the possible consequences of their actions.



What You Should Know About Your Sprinkler System. How they can SAVE (and COST) you money.

Sprinklers were invented by an American, Henry S. Parmalee, in 1874 to protect his piano factory. Until the 1940s and 1950s, sprinklers were installed almost exclusively for the protection of buildings, especially warehouses and factories. Insurance savings, which could pay back the cost of the system in a few years time, were the major incentives.

According to the National Fire Protection Association (NFPA), except for explosions, flash fires, and fire fighter deaths, there has never been a documented loss of life in a building fully protected by a properly designed and maintained sprinklered building.

Most automatic fire sprinklers are individually heat-activated, and tied into a network of piping with water under pressure. Contrary to what you see in the movies and on TV shows, when a fire breaks out, all of the sprinklers in a building do NOT activate...only the ones in the vicinity of the fire where the temperature has reached 160-165 degrees Fahrenheit. If ALL of the sprinklers were to activate simultaneously, the water pressure would drop so low that water would just drip from the sprinklers, rendering them totally ineffective.

According to the NFPA, sprinklers are effective over 97% of the time in extinguishing or controlling a fire until the fire department can arrive.

A basic premise of proper sprinkler protection is that sprinklers be installed throughout all building areas. Partial sprinkler protection is a game of chance, since a fire originating in an unsprinklered area can overpower sprinklers once given a head start.

What about the possibility of accidental sprinkler discharge? The amount of water which is applied to a fire by fire department hoses in an unsprinklered building fire is nearly always tens to hundreds of times more than that which sprinklers would have discharged. Sprinklers are also designed to use very little water, relying on a mathematically calculated discharge pattern to control or extinguish a fire. In many cases, it is this fine water pattern that is turned to steam by the fire to extinguish it with minimal water damage.

Also, with regard to accidental discharge, sprinkler systems are, by and large, extremely reliable IF they and the building are properly maintained and the

building is used for the purpose for which the sprinklers were designed. Also, while there is a risk of accidental sprinkler discharge due to system failure or, for example, damaging a sprinkler head or pipe with a lift truck, Factory Mutual Research indicates that the probability of accidental discharge is only 1 in 16,000,000 sprinklers per year in service

The cost of a complete sprinkler system depends on many factors, such as the building type and construction, availability of public water supply, and degree of hazard of the occupancy. For new construction, systems usually cost from \$1.00 to \$1.50 per square foot, less than the cost of carpeting!

How much will an insured save, compared to a nonsprinklered building, if they build a sprinklered building or retrofit an existing nonsprinklered building? In general, there will be proportionately less savings if the building is more fire resistive and/or the occupancy is low hazards...for example, a fire resistive office building. The less substantial the construction and/or the more hazardous the occupancy, the greater the savings. One estimate is that, for an investment of perhaps \$1.50 per square foot for sprinklers, a building owner can save \$10 per square foot in construction costs, thus more than paying for the system up front.

If your negligence causes a fire, you're normally covered by your policy. However, if you fail to maintain your sprinkler system, through negligence or otherwise, you have NO coverage. Therefore, unless you have properly trained personnel on staff, it is critical that a reputable sprinkler contractor be used for periodic inspections, tests, and maintenance on the sprinkler and alarm system. In addition, if any part of the sprinkler system is shut off for more than 48 hours without notice to your insurance company, coverage is suspended.

While a sprinkler system is usually a good deal, from a property loss, life safety, and insurance savings perspective, those benefits carry a hefty responsibility to properly maintain the system. Failure to do so can result in a penalty (no coverage) far greater than the loss expected if the building was not sprinklered.

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Ask an Agent.... GLB Insurance agents give simple answers to your insurance questions.

Do you have a question about your policy? A concern about your coverage? Or have something you simply don't understand about the insurance world?

Now's your chance to "Ask an Agent" and get simple answers to real, common insurance questions. Below are four questions that came from valued GLB Insurance Group of Nevada customers.

I lost my engagement ring and was not fully compensated for it because it was not "scheduled." What does that mean and how does it work?

Your standard homeowners' insurance policy has a total limit of \$1500 for loss to your jewelry caused by theft, misplacing, or mysterious disappearance AND is subject to your deductible amount. When a piece of jewelry is "scheduled" under your policy, it provides all risk coverage to that item. Compensation is then based on the amount of coverage that is placed on

that item (normally what you paid for it or the appraisal amount.) Coverage can be purchased WITH a deductible or WITHOUT a deductible. Any valuable items such as jewelry, furs, fine arts, etc., can be scheduled on a policy.

I rent an apartment. What kind of insurance do I need?

Renters Insurance provides two very necessary coverage's: loss of the contents in your apartment (your personal belongings) and personal liability. The two main causes of loss of your personal property are fire and theft, but other coverages are included in the renters' policy. A good example would be if your upstairs neighbor overflowed their tub with water, you would have coverage to replace any of your contents if damaged.

Personal Liability covers you in the event that someone sues you for various property damage, bodily or personal injury sustained due to negligence on your part while occupying a rental residence.

Does Homeowners insurance cover a child away at college?

Yes, your insurance will extend to your child's dorm or rental home, providing coverage for his/her personal belongings while away at college. However, if you have \$100,000 of contents on your policy, there would be \$10,000 coverage for belongings away from premises based on the 10% limit under your policy. It is a good idea to buy an extra rider for any computer or electronic device that could go over this limit when added to their other possessions.

Send us your questions and maybe you'll see it in our next newsletter! Email your questions to Mary Ann at maryann@glbins.com.