
Insurance Basics

A Primer for Purchasing
Professionals



What is Insurance?

- A means of protection from financial loss
- A Risk Management technique used to hedge against a contingent, uncertain loss

Risk Management Techniques

- Avoidance (Don't do it!)
- Reduction (Mitigation)
- Transfer (Insurance)
- Retention (Proceed but be willing to assume the loss)



How Does It Work?

- In exchange for the payment of premium, the company agrees to pay what the insured is legally obligated to pay

Coverage Term

- Must fall within the effective dates of the policy



Parts of an Insurance Policy

- Declarations Page
- Insuring Agreement
- Who is an Insured
- Exclusions
- Conditions
- Definitions
- Endorsements



“All Risks” v. Named Peril

- Does your insurance cover “all risks”?
- Does your insurance only cover perils that are specifically listed in the policy?
- It really does make a difference!



Occurrence Coverage v. Claims Made Coverage

- The policy will spell out what 'triggers' coverage and it makes a big difference which type of policy you buy
- Claims Made Coverage is typically cheaper when you first purchase it, but will require an extended reporting period when you change policies
- Certain types of insurance are offered in Claims Made Coverage. It's OK to accept if you understand what you need to do to protect yourself
- Occurrence Coverage is the coverage that we prefer



Types of Insurance Claims

- There are two main types:
 - First Party
 - Third Party



First Party

- First party is the insured and the second party is the insurer
- Insured is presenting a claim to the insurer based on the insurance contract language
- Liability is not an issue that needs to be addressed

Third Party

- The third party is someone not privy to the contract of insurance who has a claim to make against the insured
- Liability must be determined before payment can be considered

Types of Coverage to Consider

- Comprehensive General Liability
- Auto Liability
- Workers' Compensation & Employer's Liability
- Cyber Liability
- Builder's Risk & Installation Floater
- Professional Liability
- Commercial Crime/3rd Party Fidelity
- Pollution
- Aircraft Liability



2023 WEST VIRGINIA
AGENCY PURCHASING CONFERENCE
Celebrating 90 Years of West Virginia Purchasing



CERTIFICATE OF LIABILITY INSURANCE

1 DATE (MM/DD/YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER West Virginia Board of Risk & Insurance Management 1124 Smith Street Suite 4300 Charleston, WV 25301	CONTACT NAME: PHONE: 304-766-2646 (A/C, No, EXT)	FAX: 304-558-6004 (A/C, No)
	E-MAIL: prim.Underwriting@wv.gov	
INSURED SPECIMEN	INSURER(S) AFFORDING COVERAGE	
	INSURER A: National Union Fire Co of Pittsburgh PA	NAIC # 19445
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSURER	TYPE OF INSURANCE	ADDITIONAL	POLICY NUMBER	POLICY EFF	POLICY EXP	LIMITS
LT/R		THRU		(MM/DD/YYYY)	(MM/DD/YYYY)	
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> WRONGFUL ACT <input checked="" type="checkbox"/> PROFESSIONAL GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:		SPECIMEN	07/01/2017	07/01/2018	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Each occurrence) \$250,000 MED EXP (Any one person) \$0 PERSONAL & ADV INJURY \$INCLUDED GENERAL AGGREGATE \$NONE PRODUCTS-COMP/OP AGG \$NONE \$ \$
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> AUTOS ONLY <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY		SPECIMEN	07/01/2017	07/01/2018	COMBINED SINGLE LIMIT (Each occurrence) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$ \$
	UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE DED. RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PRIOR PRIOR INCURRED EXECUTIVE OFFICER MEMBER EXCLUDED? (Mandatory in NH) Yes, describe: <input type="checkbox"/> No, describe: <input type="checkbox"/> DESCRIPTION OF OPERATIONS BELOW	Y/N <input type="checkbox"/> N/A	SPECIMEN	07/01/2017	07/01/2018	<input type="checkbox"/> STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
SPECIMEN

CERTIFICATE HOLDER SPECIMEN	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE <i>M. Duke</i>

Understanding the Acord Certificate of Insurance

1. Date the Certificate is prepared.
2. Producer is the Insurance broker that wrote the insurance policies for the insured.
3. Insured is the person or entity for whom the insurance policy is written and to which primary insurance coverage is extended and must be the legal name.
4. Insurance company providing coverage. There may be multiple Insurer companies as different types of policies could be issued by different companies.
5. Types of Insurance:
 - a. General Liability – Make sure one of the boxes for claims made or occurrence is marked.
 - b. Automobile Liability
 - c. Umbrella/Excess Liability
 - d. Workers Compensation and Employers Liability
 - e. Other
6. Policy number – should have a number for each type of coverage
7. Policy Effective and Expiration Dates. If the contract falls beyond the expiration date, remember to request a new certificate for the next period.
8. Limits of Insurance – Must be the same or greater than required by the contract.
 - a. General Liability – Per occurrence, damage to rented premises, personal and advertising injury, general aggregate, and products completed operations
 - b. Automobile Liability
 - c. Umbrella/Excess Liability
 - d. Workers Compensation and Employers Liability
 - e. Other
9. Description of Operations – This box will contain language if Additional Insured status has been afforded or may provide information regarding events or other type of provisions to the policy. The purpose of being an additional insured on a policy is to provide insurance coverage and rights to defense under the policy. This provides the coverage necessary if a claim arises from the actions of the vendor, subcontractor, supplier, etc.
10. Certificate Holder is the person or company to whom the Certificate of Insurance is being mailed. No rights, privileges or insurance coverage are extended to a certificate holder. The certificate holder must be named as an Additional Insured in the Description of Operations box.
11. Cancellation Language Outlines the terms for providing notice about cancellation of the policy.
12. Authorized Representative – signed by the authorized representative of the Producer.