

OCTOBER 2019, ISSUE 8

# PRIVATE CLIENT JOURNAL

The Official Newsletter of Willis Personal Lines, LLC

## in this issue

### **What to Consider with a Home Based Business**

Page 2-5

### **Large Hurricane Deductibles**

Page 6-7

### **VIP Insurance Vehicle Rentals**

Pages 8-9

### **Note from Practice Leader**

Page 10

## PRIVATE CLIENT

Life is full of uncertainty. With uncertainty come accidents, incidents and situations that cause injury, damage to property, and in some cases, financial ruin. Our professionals provide the best risk management and insurance solutions available in the marketplace. Our passionate associates have the expertise and knowledge to do this at the highest level. We empower them to advise clients to make decisions that are best for their unique situations.

## BOUTIQUE RISK MANAGEMENT SERVICES

The best designed and implemented insurance program will fail to satisfy your expectations if the program is not professionally managed on an ongoing basis. Your Willis Towers Watson Private Risk Advisor will:

- Be aware of and regularly discuss with you your changing needs and exposures as your assets grow and your life situation changes.
- Communicate with you regarding market changes, carrier viability and available capacity.

Willis Towers Watson Private Client can be a partner in helping to secure your future – a steady, constant support in time of both turmoil and tranquility.

# Home Based Business

by Martin Lloyd  
Private Risk Advisor

“I am thinking of starting a business and running it from my home.”

First, what exactly is a “home based business”? In simple terms, a home based business refers to any enterprise where the primary office is located inside the home. Administrative and managerial activities are typically performed in the home instead of another office or location. It’s possible for a home business to involve a significant amount of work outside the home as well. For instance, someone may run a catering or interior decorating business out of his or her home but a lot of travel would be involved. Those examples are still home based businesses because primary administrative and managerial activities take place in the business owner’s home. Be careful not to confuse a home based business with working from home (i.e. – “remote”). A home business owner certainly works from home but the term “working from home” often refers to an employee who works remotely.

Entrepreneurs who run their businesses from home often (mistakenly) rely on their Homeowners insurance policy to protect their home based businesses. It is best to know that there are significant restrictions in the Homeowners policy for business exposures (both property and liability). If the business is your primary occupation, primary source of income, if there are employees or significant revenue a Homeowners policy simply won’t do.



## PRIVATE CLIENT JOURNAL

As a result, you may need additional business/commercial insurance.

Here are some key questions to keep in mind:

- Do customers or clients come to your home? If so, how many? How often?
- Do you keep inventory or supplies in your home or
- at off-site job locations? Approximate value?
- Would you lose income if you had to close or
- suspend your business because of damage to your home? How much?
- Do you have employees working in or outside your
- home?
- Do you keep important records on your computer?

If you answered “yes” to any of these questions you will almost certainly need coverage above and beyond what is provided by your Homeowners insurance. Without the right coverage, you and your business could be responsible to pay out of pocket for losses involving property damage, liability, data loss and workers compensation.

The good news is that there are a wide range of products available for this exposure offered by numerous insurance companies. Because home based business can range from small consulting practices to larger retail operations there is certainly a need for a wide range of coverage and policy options. These options can help serve the needs of any home based business.

**General Liability Insurance (CGL)** This helps protect you if you are sued for a variety of reasons. These can include negligence, personal injury or a faulty product. If you don't have inventory or equipment in your home or at an off-site location you may want to consider a basic general liability policy.

**Business Owner's Policy (BOP)** This policy covers structures on your property where your home based business operates. It can also help cover damage to inventory or loss of income if your home suffers damages. For example, if your home is damaged by fire or high winds your BOP will provide coverage for any business property that may have been damaged. Keep in mind that a standard BOP combines property and liability coverage.

## PRIVATE CLIENT JOURNAL

**Business Owner's Policy with Endorsements** There are numerous BOP endorsements that will allow you to tailor your coverage to your specific business needs. For example, you can add **Data Breach Coverage**. This helps protect a business's stored personal information about customers or employees. You can also add optional **Business Income for Off-Premises Utility Services (OPUS) coverage**. This helps cover a loss of business income from an interruption in utility services.

There may also be a need for **Commercial Auto** or **Commercial Umbrella** coverage depending on the size of the exposure, the use of vehicles for business purposes and who may be using them. Of course, if there are employees, **Workers Compensation** is a must.

Here are just a few examples of common home based businesses where proper insurance needs to come from sources other than the Homeowners policy.

- **Web Design Firms**- The home office likely houses business equipment such as computers and design software. You may also likely have client files, office furniture and work stations even though most of your business takes place online.
- **Interior Decorator**- You may have your own clients visiting your home and business premises daily. In the event of an accident where the business owner is held responsible, home business insurance may help. It can help protect both the owner and the business assets.
- **Photographers**- If you are a photographer and conduct photo shoots off-site and maintain a studio in your home. These studios house expensive lighting equipment, props and multiple cameras. Clients may even visit you from time to time.

While not directly related to insurance, there are some other considerations you may want to consider. You will want to make sure your neighborhood allows home businesses. Zoning laws vary from location to location. As a general rule of thumb, most landlords do not allow home based businesses. Even if you're able to have a home based business, some aspects may make some types of home businesses difficult. Signage, parking and insurance implications could force you to start your business in a more traditional way. You should always check with your local municipality when starting a home based business.

Reach out to your trusted advisor for more information.

## PRIVATE CLIENT JOURNAL

**Business Owner's Policy with Endorsements** There are numerous BOP endorsements that will allow you to tailor your coverage to your specific business needs. For example, you can add **Data Breach Coverage**. This helps protect a business's stored personal information about customers or employees. You can also add optional **Business Income for Off-Premises Utility Services (OPUS) coverage**. This helps cover a loss of business income from an interruption in utility services.

There may also be a need for **Commercial Auto** or **Commercial Umbrella** coverage depending on the size of the exposure, the use of vehicles for business purposes and who may be using them. Of course, if there are employees, **Workers Compensation** is a must.

Here are just a few examples of common home based businesses where proper insurance needs to come from sources other than the Homeowners policy.

- **Web Design Firms**- The home office likely houses business equipment such as computers and design software. You may also likely have client files, office furniture and work stations even though most of your business takes place online.
- **Interior Decorator**- You may have your own clients visiting your home and business premises daily. In the event of an accident where the business owner is held responsible, home business insurance may help. It can help protect both the owner and the business assets.
- **Photographers**- If you are a photographer and conduct photo shoots off-site and maintain a studio in your home. These studios house expensive lighting equipment, props and multiple cameras. Clients may even visit you from time to time.

While not directly related to insurance, there are some other considerations you may want to consider. You will want to make sure your neighborhood allows home businesses. Zoning laws vary from location to location. As a general rule of thumb, most landlords do not allow home based businesses. Even if you're able to have a home based business, some aspects may make some types of home businesses difficult. Signage, parking and insurance implications could force you to start your business in a more traditional way. You should always check with your local municipality when starting a home based business.

Reach out to your trusted advisor for more information.

# Large Hurricane Deductible in Florida?

by Drew Wright  
Private Risk Advisor

Hurricane season is June 1st through November 30th. And although it is October, we are still currently in what is referred to as “the peak of the hurricane season”.

While a homeowners insurance policy often provides coverage for hurricane damage, homes insured in areas such as Florida will typically include large hurricane deductibles. Many people whose home suffered hurricane damage will often have to pay a large sum out-of-pocket in the form of their hurricane deductible. This immediate cost can be a very significant expense and a financial hardship if one is unprepared. For example, if a homeowners

insurance policy has a two percent hurricane deductible the insured would be responsible for the first \$4,000 of damage to a \$200,000 home, \$10,000 to a \$500,000 home and \$100,000 to a \$5,000,000 home! If a hurricane deductible is higher than two percent such as five or even 10 percent, which is common in higher risk coastal areas, the out-of-pocket expense is that much greater.

Good News! Vertus Insurance Partners, an insurance intermediary, is now offering a new program called Cat4Home hurricane deductible buy-back protection for many properties located in Florida.

The program will cover the expense of a hurricane deductible on a homeowners insurance policy. For many home owners the Cat4Home program is an affordable option to offset a high hurricane deductible. For eligible properties coverage is available up to \$100,000 for homes with a reconstruction cost up to \$5,000,000. This policy covers up to 100 percent of a policyholder's hurricane deductible on their Homeowner Policy.

Some items to note about the Cat4Home Program:

- The insurance carrier is A rated by AM Best.
- Coverage is provided on an annual aggregate basis.
- The policy provides follow form coverage meaning if the homeowners insurance policy covers the claim then Vertus will pay the hurricane deductible, up to the Cat4Home coverage limit.
- Coverage is triggered by a Category 1 or stronger hurricane, as declared by the National Oceanic and Atmospheric Administration and the National Weather Service.
- Coverage can be written to coordinate with Homeowner & Condominium Policies.
- Pricing is based on numerous factors including property location, type of construction, age of roof, distance to the coast as well as other criteria.





- Average premiums in 2018 were between \$300 and \$600, with an average coverage limit of \$5,000. For higher valued homes, the average premium range was \$1,200 to \$1,800 with a coverage limit of \$34,000.
  - Cat4Home customers file a first notice of loss with Vertus and follow the normal claim filing process with their homeowners insurance carrier. Once the homeowners insurance policy claim adjusting process is complete, a copy of the report is forwarded to a Vertus claim representative and a simple desk adjust process is completed. Payment is released to the insured within 3 – 5 business days upon proof of loss.
- Although Vertus has broad underwriting guidelines, homes in Monroe County are ineligible and homes on barrier islands are subject to underwriting approval with a maximum limit of \$20,000 available, if approved.

To learn more about this new and exciting program, please contact your Willis Towers Watson Representative.

# Insurance VIP Programs

*Go Rentals is Revolutionizing Car Rental for Insurance Replacement Needs*

The insurance VIP Program at Go Rentals is all about personalized attention when renting cars to the clients we insure. Go Rentals offers a personalized and unique experience when booking your rental vehicles and they always strive for excellence. The Go Rentals team is changing the way we see rental cars by streamlining the process and taking the headache out of making arrangements for clients.

- Go Rentals delivers our client's vehicle and will help move their vehicle to a repair facility of their choice or to an insurance-approved body shop
- They track the status of repairs to minimize rental costs and to avoid surpassing rental coverage limits.
- Available 7 days a week for your convenience
- Servicing over 100 major cities.
- Team consists of experienced insurance claims professionals.
- Every car detailed and sanitized.
- Contact them directly 24/7.

The best service from Go Rentals'. Fleet includes the latest models in midsize, full size, luxury, hybrids, SUVs and passenger vans. Whatever you need, they will provide according to your specifications.



Bentley GTC



Porsche Boxster



Mercedes GL 450



Mercedes S550



Porsche Cayenne



Cadillac Escalade ESV



Range Rover HSE



# Insurance Replacement Fleet

Sports Cars, Coupes & Convertibles	Luxury Sedans	Luxury SUV's
<ul style="list-style-type: none"> <li>Audi A5</li> <li>Chevrolet Camaro Convertible</li> <li>Ferrari California</li> <li>Ford Mustang GT Convertible</li> <li>Ford Mustang Convertible</li> <li>Mercedes Benz E400 Convertible</li> <li>Mercedes Benz SL400</li> <li>Mercedes Benz SL500</li> <li>Mini Cooper Convertible</li> <li>Porsche 911 Carrera</li> <li>Porsche Boxster</li> <li>Chevrolet Corvette Stingray</li> <li>Chevrolet Corvette Convertible</li> </ul>	<ul style="list-style-type: none"> <li>Audi A3</li> <li>Audi A4</li> <li>Audi A6</li> <li>Audi A7</li> <li>Audi A8L</li> <li>Bentley Flying Spur</li> <li>Bentley GTC</li> <li>BMW 750Li</li> <li>Mercedes Benz CLA 250</li> <li>Mercedes Benz C300</li> <li>Mercedes Benz E350</li> <li>Mercedes Benz S550</li> <li>Porsche Panamera</li> <li>Tesla Model S</li> </ul>	<ul style="list-style-type: none"> <li>Audi Q7</li> <li>Bentley Bentayga</li> <li>Cadillac Escalade ESV</li> <li>Chevrolet Suburban</li> <li>Chevrolet Tahoe</li> <li>GMC Denali</li> <li>Mercedes Benz GLC300</li> <li>Mercedes Benz GLE350</li> <li>Mercedes Benz GLS450</li> <li>Mercedes Benz G550</li> <li>Porsche Macan</li> <li>Porsche Vayenne</li> <li>Range Rover Sport</li> <li>Range Rover Full Size</li> <li>Volvo XC90</li> <li>Tesla Model X</li> </ul>

All rentals are subject to applicable taxes. Daily rate does not include applicable taxes and surcharges.

All rentals include 100 miles per day and \$0.65/mile.

**Please call for rates and availability as fleet is subject to change.**

**Rental Requests:**  
[gorentals.com/privateclient/request](http://gorentals.com/privateclient/request)  
[privateclient@gorentals.com](mailto:privateclient@gorentals.com)  
 312-778-6600

# Note from our Practice Leader

## Tyler Banks

Wildfire season is officially here and people are asking themselves, "Is this the new normal?"

A short time ago, PG&E agreed to an \$11 billion dollar settlement for its role in the most recent wildfires of 2018.



As a result they will begin shutting power off for many customers throughout California as a preventative measure. There is no doubt that climate change is here to stay and we need to ask ourselves are we preparing ourselves for the future? Fires are burning longer and are larger than ever before. Unfortunately, California is also bearing the brunt of this trend as they had more fire losses than any other state in 2018. Some studies even state that forest fires has increased five fold since 1972. "It's predicted that the total area burned will increase by 50% or even as high as 100% over the coming century. We're going to see more fires, and more dangerous fires and more deadly fires," says Tom Corringham, a post-doctoral research economist at the Scripps Institution of Oceanography at UCSD. When it comes to wildfires the best thing you can do is prepare. Clear defensible space around your home, prepare an emergency kit, go over evacuation routes with your family, and put all valuables in a safe place that will make evacuation easier if necessary. "The science is real, climate change is happening and it's happening faster than we expected but if we all work together we can turn this around," said Corringham.

A handwritten signature in black ink, appearing to read 'TB' with a stylized flourish.

**Tyler Banks**  
National Practice Leader

