



Captive Insurance Company *Potential Covered Risk Examples*

☐ **Bankruptcy Legal Expense Reimbursement:** Insured is reimbursed for the following expenses as the result of any Bankruptcy filing related to your business operations: reasonable attorney's fees, court costs and filing fees, temporary operating costs and re-organization consulting fees, and reasonable travel and accommodation expenses.

☐ **Commercial Pollution:** Provides coverage for clean-up costs resulting from pollution escaping into the environment or buildings.

☐ **Commercial Property Plus Class 2:** Provides coverage for any direct or indirect loss of property owned or under control of insured where loss is excluded from all other policies of insurance which policy holder has. In addition, insurance company will cover the deductible of ANY loss under another policy, provided that deductible exceeds 10,000 dollars (loss is not restricted to commercial property).

☐ **Computer Hardware:** Provides coverage for any losses sustained by the named individual insured's company resulting from a computer malfunction or misuse of information on computers by an employee of insured. Coverage is provided for all expenses related to the elimination of computer viruses, data recovery, and loss of income related to the event.

☐ **Crime/Employee Dishonesty:** Provides criminal defense legal expense reimbursement to the named individual insured's company for criminal matters and allegations against the insured's company.

☐ **Cyber Risk:** Provides coverage for costs of data recovery and eliminating computer viruses, coverage for all expenses related to extortion by an individual with plans to damage software or data, and loss of income for related event.



▣ **Directors, Officers & Employees:** Coverage for all losses for which the Insured Persons are not indemnified by the Company and which the Insured Persons become legally obligated to pay on account of any claim first made against them, individually or otherwise, during the policy period or, if exercised, during the extended reporting period, for a wrongful act taking place before or during the policy period.

▣ **Employment Practices:** Provides coverage for any loss resulting from a wrongful act. A wrongful act includes any actual or alleged act like termination, demotion, defamation, or discrimination.

▣ **Errors & Omissions:** Provides coverage for errors or omissions in the insured's performance of services. Services are defined as activities undertaken by the insured for a client in relation to the following:

- legal and tax services as they relate to proper formation and operation of an insurance company
- accounting or tax preparation services in regard to insurance activities
- any other activity permitted by law and authorized by the board of directors of an insurance entity.

▣ **Franchise Legal Defense:** Provides coverage for legal costs associated with loss or adverse amendment to a Franchise agreement. For witnesses attending court, company will provide compensation in the amount of 500 dollars per person per day.

▣ **International Kidnap/Ransom Investigation Expense:** Provides kidnap/ransom investigation expense protection to the named individual insured's company in the event the named individual insured is kidnapped while traveling abroad.

▣ **International Travel Medical:** Provides medical expense protection to the named individual insured's company in the event the named individual insured needs medical attention while traveling abroad.

▣ **Inventory Obsolescence:** Provides coverage for the costs of products that cannot be returned to the supplier and have not been sold in the last 24 months by the insured.



☐ **Loss of Key Talent:** Provides reimbursement of expenses due to the loss of a Key Person to the named individual insured's company where Key Person provides a significant portion of the revenue related to your business. Include all people that routinely provide in excess of \$100,000 of revenue each year to your business.

☐ **Loss of Hospital Privileges:** Provides reimbursement of expenses due to the involuntary discontinuation of medical staff membership or involuntary reduction in approved medical procedures at a hospital.

☐ **Loss of Key Customer:** Provides reimbursement of expenses due to the loss of a Key Customer to the named individual insured's company where Key Customer means any organization that provides a significant portion of the revenue related to your business. Include all organizations that routinely provide in excess of \$100,000 of revenue each year to your business.

☐ **Loss of Key Supplier:** Provides reimbursement of expenses due to the loss of a key supplier to the named individual insured's company. A key supplier is any organization that provides a significant portion of the materials or input related to the products of your business.

☐ **Loss of Patient Referrals:** Provides reimbursement of expenses due to the loss of a key supplier of patient referrals to the named individual insured's company where Key Patient Referral Source means any organization or Health Insurance provider that provides a significant portion (more than 10%) of the referrals to the named individual's insured's company.

☐ **Product Rework (Warranty):** Coverage for all expenses incurred relating to the repair or replacement of products that are manufactured or rebuilt by the insured. Insurance company is covering risk of dysfunctional products being distributed by insured.



☐ **Regulatory Changes:** Provides coverage for any business interruption loss for 12 months as a result of a regulatory change that has an adverse effect on a government contract. Regulatory changes include:

- any legislative changes affecting permits
- any changes to environmental, zoning, transportation or safety regulations
- any changes to import/export laws or tariffs
- any regulatory changes due to foreign political risk including the collapse of a foreign economy or government

☐ **Regulatory Investigation Legal Defense Expense Reimbursement:** Provides regulatory investigation defense legal expense reimbursement to the named individual insured's company for regulatory investigations by governmental units against the insured's company.

☐ **Reputation Expense Reimbursement:** Provides coverage for restoring the reputation of the company with advertising, lobbying, and public relations.

☐ **Tax Audit Legal Expense Reimbursement:** Provides tax audit defense legal expense reimbursement to the named individual insured's company.

☐ **Tax Liability:** Provides coverage for any unexpected tax liability equal to and above 115% of filed tax liability due to a final legal decision. Also, coverage is provided for defense expenses to determine tax liability in court.

☐ **Terrorism Damage:** Provides coverage for lost, destroyed, impaired, or damaged property resulting from a direct or indirect act of terrorism, and for loss of income resulting from direct or indirect act of terrorism.



▣ **Transportation Damages:** Provides coverage for the loss of income and additional expenses resulting from damage of packages by the care insured to a specified destination. Additional Expenses include but are not limited to repair or replacement of items in the packages. Coverage only applies to those customers who constitute 10% or more of the annual revenue.

▣ **Trade Credit:** Provides coverage for corporate receivables in the event that debtors to the named individual insureds company file bankruptcy or otherwise become insolvent.

▣ **Trademark & Patent Legal Expenses:** Provides coverage for legal expenses and other costs to the named individual insureds company in respect of the infringement of copyrights, trademarks, and patents.

▣ **Union Formation:** Provides coverage for reasonable attorney's fees and other related expenses incurred by the Named Insured to prevent a Union Formation or put in place a collective bargaining agreement once a union has been formed.

▣ **Warranty Shortfall:** Provides reimbursement of expenses related to work on a product sold by the Insured and not reimbursed by the manufacturer of the product as part of the manufacturer's warranty.

▣ **Work Stoppage:** Provides coverage for all expenses incurred by insured relating to a work stoppage by any producer of the insured's inventory. Coverage includes loss of income and additional taxes that might be due as the result of the loss of a tax benefit in the form of tax savings derived from the LIFO method of accounting. This policy is similar to the loss of key supplier policy, except here, the loss of the supplier is not due to a business decision but rather some type of strike.