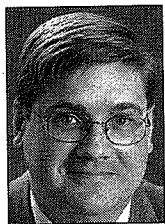


Start thinking of your insurance as an asset, rather than a liability

How well do you understand the insurance policies intended to protect your company against catastrophic loss?

Not too well, if you are like most business leaders.



INSURANCE MATTERS

JOE HOVERMILL

Although insurance is typically viewed as a cost of doing business, rarely is it seen as it should be — a financial asset to be managed and maximized as thoughtfully and thoroughly as any other corporate asset.

A typical business may have multiple policies involving multiple carriers, varying deductibles, differing primary and excess limits,

varying exclusions and endorsements, and sometimes very complicated premium programs. Add to the mix conflicting litigation guidelines, rigorous counsel selection criteria, different requirements for claims submissions, and varying auditing and management procedures, and most business managers quickly find themselves overwhelmed.

Frequently businesses are not aware of all of the aspects of the insurance coverage they purchase, so the starting point is to perform a proactive due diligence of existing and past policies to ascertain and assess that coverage compared to potential risks. An attorney can help you with this.

This review is particularly important in such litigious areas as indoor air quality, occupational exposures such as asbestos, silica, welding rod fumes or other chemicals, and corporate governance and securities. The key to managing an insurance portfolio is to utilize and coordinate the maximum available coverage while minimizing the business risk and cost associated with often company-threatening litigation.

Many types of claims are likely to recur, yet many times different carriers will use different counsel with different and sometimes contradictory litigation strategies that can create long-term problems for companies long after those carriers

have left the scene.

In addition, insurance or the cost and breadth of that insurance can and should be managed on the front end. Issues such as product safety matters, risk management training and retention programs for vital documents should be considered. The result can be reduced risks, more favorable pricing on insurance, and creative ways to use self-insurance or captive insurance programs.

Another important aspect of insurance portfolio management is insurance recovery. Insurance recovery entails seeking maximum compensation for your covered losses, protecting and asserting your rights to insurance compensation, reclaiming the cost of defense resulting from litigation, and identifying insurance coverage that may exist from previous and forgotten policies or entities.

This last point is especially important. Just as businesses can be unaware of the extent of coverage provided by their current policies, they frequently lose track of past policies and the coverage those policies afford. In matters of environmental and toxic exposure liabilities particularly, the coverage in place when environmental pollution or toxic exposure occurred can be an important asset when the alleged damage or injury is revealed and litigated.

Businesses can sometimes find themselves at odds with their insurance carriers. Disputes are often triggered by mass tort and class-action litigation that pose the prospect of substantial financial loss to the insurance carrier.

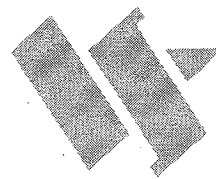
Insurance companies also have been known to pursue defense and settlement strategies that are contrary to the best interests of the policyholder.

It is no exaggeration to say that an effective insurance asset management program, including comprehensive insurance recovery services, can save a large business literally millions of dollars. For smaller business, it can mean the difference between financial ruin and success.

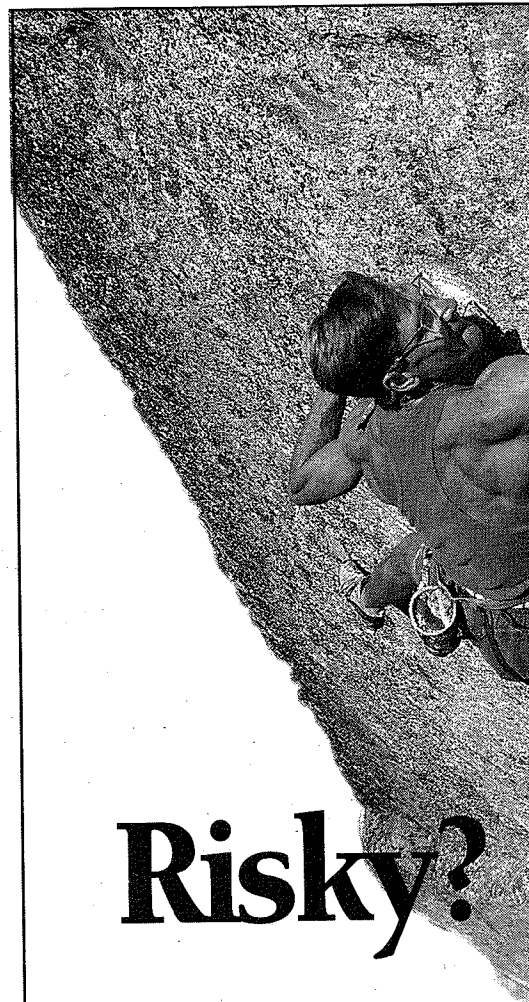
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