

## IOA COVERAGE DESCRIPTION SERIES

### A&E FIRM BUSINESS OFFICE POLICY COVERAGE

#### Business Office Policy Coverage

##### What type of protection does a Business Office Policy provide?

A Business Office Policy is an insurance policy that is structured to combine several coverages into a single policy. Office policies include commercial general liability, building (if applicable) and business personal property, along with non-owned/hired auto liability, and a multitude of other coverages.

##### Why do I need a Business Office Policy?

From a liability perspective, it protects against claims that a professional liability policy does not and your clients/ office landlord will require it. From a property point of view, the policy protects your office property, including instruments of service, from fire, vandalism, theft and several other property perils.

##### Is there any other special coverage that a Design Professionals should consider?

Umbrella liability policy coverage, which is designed to increase your commercial general liability coverage limit\*, provides an inexpensive, extra level of protection.

\* And (to the extent applicable) commercial automobile liability & employers' liability insurance policy limits

#### FAQs

##### Liability Coverage: What type of protection is provided by this coverage?

- **Commercial General Liability:** Provides liability coverage if your business is held liable for bodily injury and property damage that does not arise from professional service related activities. This liability can arise from injuries or damages that occurs:
  - On Your Business Premises
  - After Construction Operations Are Completed
  - During Construction Operations
  - Connected With Your Product(s)
- **Personal Injury or Advertising Injury:** Primary exposure being slander, libel or disparaging a person or organization's goods, products or services.
- **Medical Payments Coverage:** Pays for injuries sustained by persons (not employees) when caused by an accident that occurs on your premises or during business operations. Provides prompt settlement of small medical claims without litigation, such as ambulance, hospital, and therapy expenses.
- **Damage to Premises Rented to You:** Covers property damage liability to space that is rented or leased by your business.
- **Additional Insured Coverage:** Protects persons or organizations that you agreed to add in a written contract or agreement from claims in the event your actions result in a claim also being made against them.

## Coverage Description, Continued

- **Waiver of Subrogation Policy Provision:** Removes the right of your insurance company, after paying a claim, to recoup payment from any person or organization that you agreed to waive this right in a written contract or agreement.
- **Primary and Non-Contributory Policy Provision:** Amends your policy to respond first in the event of a loss or claim can be shared between you and any person or organization that you agreed to do so in a written contract or agreement: with their policy not responding until your policy limits are exhausted or could not respond for some other reason.
- **Aggregate Limit Applies on a “Per Project” Basis:** Revises the policy limit to apply separately to each of your projects, or each of your office locations listed on your policy declarations page.
- **Non-Owned and Hired Automobile Liability Coverage:** Protects your firm from an automobile bodily injury or a property damage liability claim, when an employee/firm principal uses its personal or a leased/ rented vehicle for work-related reasons.

### Property Coverage: What type of protection is provided by this coverage?

- **Business Personal Property:** Replacement of business property (and property of others, including leased property, in your care, custody or control) used to operate the business that are damaged or lost due to a covered event. Examples include cubicles, desks, tables, lamps, chairs, couches, bookcases, refrigerators, and office supplies.
- **Tenant Improvements & Betterments:** Damage or loss of office fixtures that you permanently install and were not provided by the landlord; which cannot be removed when you leave. Examples include interior walls, cubicles, shelving/cabinetry, kitchens, internal wiring or plumbing.
- **Computers & Media:** Covers the replacement cost value of computers, peripheral devices (i.e., modems, printers, scanners), related component hardware/software that are damaged or lost due to a covered event.
- **Electronic Data Processing Data & Media:** Covers the cost to research/replace/restore lost electronic data stored on computers and media and the replacement cost of blank media. A sub-limit of coverage for damage caused by computer virus generally also applies. Examples include data stored as, created or used on, or transmitted to or from computer software, including systems and applications software, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.
- **Valuable Papers & Records:** Includes the cost to research, replace or restore lost information for which duplicates do not exist. Examples include inscribed, printed or written documents, records or manuscripts; including specifications, drawings, films, card index systems, maps, abstracts, deeds, and books (except for money or securities, data stored on computers or media).
- **Equipment Breakdown:** Protects your firm’s office computers and data systems, printers, copy/fax machines, phone and security systems; which can be damaged by power surges, short circuits and other electrical fluctuations.
- **Loss of Business Earnings and Extra Expenses:** Loss of income and the extra expense to continue or resume operations due to a covered event.

## Coverage Description, Continued

- **Accounts Receivable:** Protects against loss of outstanding accounts that are not collectible due to lost or damaged records plus the expense of reconstruction and extra collection fees from a covered event.
- **Earthquake Sprinkler Leakage Coverage (Optional):** An endorsement that provides coverage for damage caused by leakage from an automatic sprinkler system as a direct result of an earthquake.

### Crime Coverage: What type of protection is provided by this coverage?

- **ERISA Compliance Coverage:** Protects against theft of funds from retirement plans, which is required by the Employee Retirement Income Security Act (ERISA).
- **Employee Benefit Coverage:** Covers the liability of an employer for an error or omission in the administration of an employee benefit program. Examples include neglecting to add an employee to a benefits plan or adjusting an employee's coverage as requested.
- **Employee Dishonesty:** If an employee's dishonest acts - such as theft - cause your business loss or damage, your policy will offer coverage, even if the loss is to money or securities.

### Optional Coverages: What other types of business risk protections may be available?

- **Network Security, Privacy & Network Interruption Coverages:**
  1. **Security Liability:** Covers your firm in the event of network security failure; which can include a data breach, malware infection, cyber extortion demand, ransomware, or business email compromise. Network security coverage includes first party costs, which are expenses that your firm directly incurs, such as:
    - Legal expenses
    - IT forensics
    - Negotiation and payment of a ransomware demand
    - Data restoration
    - Breach notification to consumers
    - Setting up a call center
    - Public relations expertise
    - Credit Monitoring and Identity Restoration
  2. **Privacy Liability:** Focuses upon information or privacy risk, such as customer and employee information. Breaches or violations of such data not only threaten the security of those compromised, but expose your firm third-party legal costs in addition to regulatory investigations by governmental or law enforcement agencies.
  3. **Network Interruption (Your Firm) Expenses:** Helps replace lost income if your firm needs to close temporarily or slow operations due to a data breach, including extra expenses incurred to keep your practice running.
- **Employment Practice Liability Coverage:**

Protects against employment claims, such as constructive or wrongful termination, discrimination, and sexual harassment allegations.

## Coverage Description, Continued

### What information does an Underwriter consider when they determine your premium?

Insurance company Underwriters evaluate several factors in preparing quotations, such as:

- Business activities and office location(s)
- Building construction type, age and recent update history
- Exposure to loss from other building tenant business activities (i.e., mercantile & restaurant focused upon)
- Security features, including door locks, window protection, alarm and sprinkler systems
- Liability and property insurance coverage limits and claim experience history

### Umbrella Coverage

#### Umbrella Policy Coverage: Why is this coverage important?

An Umbrella policy designed to provide protection against catastrophic losses by providing additional liability over several primary liability (aka “underlying”) policies, such as:

- Commercial General Liability
- Commercial Auto Liability
- Employers Liability (i.e., part of a Workers’ Compensation policy)

The Umbrella policy serves two (2) important purposes by providing:

- Excess limits when the limits of an underlying liability policy is exhausted by payment of claims
- Protection against some claims not covered by the underlying policies, excess of the Umbrella policy deductible if this type of situation occurs

**IMPORTANT NOTICE:** The information contained in this document is for informational purposes only. No coverage is provided by this summary. Refer to your policy to determine the scope of your insurance protection.