

Risk Management News

Some Signs of Spring?

For many of our banking and lending clients, the past few years have been spent managing the book, handling work-outs, extensions and perhaps a few foreclosures. So some recent news articles indicating that the economy may have turned the corner, as well as some reports that there may be life in the construction market are certainly very welcome signs, for all of us.

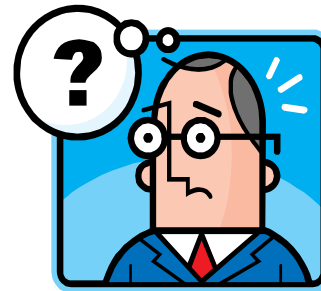
With these early signs of better times on the way, now is a good time to make sure that you are ready. One important item is to brush up on the insurance and supporting documentation needed for closings. As you know, Omega Risk Management has been an industry leader, assisting our clients with the various technical and documentation issues that arise during a pre-closing (con't on next page)

Omega Company News

Omega Risk Management, LLC has re-launched our website! The re-designed site has new eye-catching graphics and pictures of some of the projects we have worked on. It has also been streamlined for easier navigation. Stop by and take a look! - www.OmegaRM.com.

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"The secret of joy in work is contained in one word—excellence. To know how to do something well is to enjoy it." - Pearl Buck



Insurance Trivia Question:
This guiding principle of insurance means to restore an insured to the same financial position they had prior to the loss.

Answer on next page...



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◆ Coverage Spotlight: What is Civil Authority Coverage?

◆ After the Trade Center attacks of 2001, many firms became aware of the existence of a coverage known as "Civil Authority Coverage." It is designed to provide for a loss of income to a business in the event the "civil authority" denies access to the premises for up to the number of days noted, usually 30 or 60. In order for the coverage to respond, there has to be a direct physical loss to a premises, other than the insured's location. The loss must also be caused by a peril covered by the property policy. For example, suppose that the insured location is a restaurant. A building near-by catches fire, which results in a weakening of the foundation. As a result the city shuts down the block because of the possibility of a collapse. This closure denies access to your undamaged premises. The restaurant would suffer a loss of income which would be a claim under this coverage.

◆ There are a few important things to keep in mind. First is that there must be a "covered" loss that starts the claim. (see next page)

Coverage Spotlight—Continued:

In the above example the covered loss is the fire. Let's take the same loss example, but change the reason of the denial to one because an important political figure was staying nearby for a few days. While the restaurant may suffer a loss of income, it would not be a covered claim under the property policy, and as a result you would have no coverage.

There are other possible restrictions to the coverage that should be noted. An important one is that there may be a "radius" limitation. This means that the loss may have to occur within a specific radius of your premises, commonly one mile. So if the loss occurred over one mile away, then you would have no claim. Related to this is that the cause of loss needs to be covered under your policy. So if you do not buy boiler & machinery insurance, and the loss is caused by a boiler peril, then you have no coverage under your policy for the denial of access. It is also important to note that most insurers will place a deductible of between 24 and 72 hours on this coverage.

Please keep in mind that the above discussion is based on generic coverage terms. Individual policies may have very different wording, and as such the coverage may be more or less restrictive than we have outlined. In order to understand the potential coverage that may be in place for a specific claim event, a review of the governing policy must be undertaken.

If you have any questions or issues you would like to discuss further, please do not hesitate to contact Omega Risk Management.



Signs of Spring (continued from the first page)



due diligence process.

With this experience, we are in a unique position to provide you with a training seminar that can help bring you and your staff up to speed on the various insurance issues that can and do arise. Our senior team of consultants will come to your office to provide you with high quality, targeted training. This will help ensure you are sufficiently knowledgeable about the basics of insurance that you will be able to recognize potential issues and problems. Issues that not only can prevent loans from closing, but can cause problems long afterwards.

Give us a call today at 1-866-964-1110 so we can plan and schedule a training seminar that is right for your organization!



For more information about Omega Risk Management LLC, please check our website at www.OmegaRM.com

Trivia Answer: The principle of Indemnity.