



## How Does Your Coverage Compare?

**Admitted Insurance:** The Hanover policy is written on *Admitted* paper, which means it has been reviewed and approved by the department of insurance for compliance in your state (not AK, HI, NY). If your policy is not Admitted, it is most likely written on *Surplus Lines* paper, which means the policy is not protected by an insurance insolvency guaranty fund in your state, and the insurer may not be subject to all the insurance laws and rules of your state. **Question(s) for your agent:** is your policy Admitted or Surplus lines? What does this mean should the carrier become insolvent?

**Broad Coverage:** The Hanover policy includes, at no extra charge, general liability, termite, lead, radon, commercial and pool/spa. **Question(s) for your agent:** what coverages are included in your base policy? What coverages require additional premium? Do you have coverage for an [incidental pest claim](#), for example, if you have not paid additional premium for pest coverage?

**Full Coverage, Peace of Mind:** The Hanover provides bodily injury property damage (BI/PD) for both E&O and GL. This means that if a deck you inspect is faulty and needs repair six months after the home purchase, the E&O (errors and omissions) portion of the policy will cover this scenario in a straight forward way. But what if someone sitting on the deck is hurt when it collapses? That is a bodily injury claim. **Question(s) for your agent:** is an event/claim like this covered under your policy? Is it covered to the full limit of coverage?

### Cadillac Coverage

\* The Hanover policy is non-cancellable except for non-payment of premium. **Question(s) for your agent:** can your policy be cancelled for any reason, such as the frequency or severity of claims?

\* The Hanover policy includes coverage for all the inspectors employed by the firm and the first two independent contractors free (\$50 each after that). Independent contractors are part of the definition of "insured" with the Hanover policy. **Question(s) for your agent:** Does your policy cover all the inspectors in your company? Does it cover independent contractors? What happens if your company is sued because of work done by an IC who does not have their own coverage? How will your policy respond?

\* The Hanover policy has a broad definition of "claim" which includes any "written demand." It does not require the demand for *money* for there to be a duty to defend. If your policy defines a claim as a demand for "money," if there is no demand for money, the carrier has no duty to defend. **Question(s) for your agent:** how does your policy address this?

The Hanover policy provides most coverages to the full limit you select (i.e. \$1 million limit for GL means \$1 million in coverage- with no sublimit "capping" coverage at a lower amount). **Question(s) for your agent:** does your policy impose sublimits on any of your coverages? If so,

what does this mean?

\* The Hanover policy includes punitive damages. **Question(s) for your agent:** Does your policy include punitive damages? What happens if punitive damages are awarded and you have no coverage for it- who is responsible?

\* The Hanover offers up to three years Extended Reporting Period coverage (or “tail” coverage), should you decide to retire or sell/close your business. This covers you for claims that could arise in the future after you’ve stopped inspecting. **Question(s) for your agent:** How many years tail coverage does your policy offer? What happens if a claim arises after the tail coverage ends?

\* The Hanover policy provides for a full prorated premium, should you decide to cancel at any time during the policy term. **Question(s) for your agent:** if you decide to cancel your policy during the policy term, even in the first few months, will you receive a full prorated refund? if you cancel your policy in the first three months, how much of a refund can you expect?

\*The Hanover policy is non-audible. Premium adjustments can only be made upon renewal, and never after the policy has expired. **Question(s) for your agent:** is your policy auditable? Can your insurance company request financial statements/tax returns or other rate-bearing underwriting information at any time during the policy period, and raise the premium based on any findings? What happens if you fail to provide the information they request?

\*The Hanover policy has \$25,000 coverage built in to deal with any regulatory board investigation, including any licensing disputes. **Question(s) for your agent:** does your policy provide this coverage?

Sincerely,

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