

g

ERC Frankona

Fire BI Insurance

***Overview of various
international insurance
solutions***

Topics

Overview of Great Britain, France, Spain, Italy and Germany

- Forms of insurance
- Basis for sum insured
- Insured perils and endorsements
- Indemnity period
- Valuation period
- End of business interruption
- Rating



Great Britain

Loss of profits policy

- To be found in France, Spain, Belgium, Netherlands
- Prerequisite
 - Fire policy which provides at least the same coverage (material damage proviso)
- No obligation to provide indemnification exists unless:
 - Material damage is indemnifiable under the fire policy
 - A deductible operates



Great Britain

Loss of profits policy

- Indemnification
 - Gross loss of profits
 - Loss reduction expenses (increase in cost of working)
 - In cases of underinsurance, indemnification is reduced commensurately
- Public authorities requirements on reconstruction or replacement are included over the full period of indemnity



Spain

Multirriesgo policy

Two variants:

- Traditional BI insurance
 - BI resulting from FLEXA
- A simplified system for determining the sum insured
 - e.g. 30% of the turnover
 - Compensation for lost profit even on a per-loss-day basis during the indemnity period

Forms of insurance



- Loss of profits form



- Assurance des Pertes d'Exploitation



- Seguro de Pérdida de Beneficios /
Seguro de Lucro Cesante



- Danni Indiretti



- FBU-Versicherung

Basis for sum insured



- Gross profit = annual turnover less non-insured working expenses



- Gross profit = turnover less variable costs



- Gross profit = turnover less variable costs



- Gross profit = turnover less variable costs



- Operating profit and fixed costs

Insured perils - Basic cover



- Fire, lightning, explosion



- Fire, lightning, explosion



- Fire, lightning, explosion, aircraft crash



- Fire, lightning, explosion, aircraft crash



- Fire, lightning, explosion, aircraft crash, extinguishing/clearance costs

Insured perils - Extended coverage



- Aircraft impact, aircraft crash



For all countries possible:

- Vehicle impact, smoke
- Supersonic boom
- Sprinkler leakage, water damage
- Political risks
- Natural hazards
- Snow load, building collapse



Endorsements



- Denial of access, failure of public utilities, internal/external dependency losses



- Internal/external dependency losses



- Denial of access, lack of energy supply, external dependency losses (supplier)



- Denial of access, dependency losses



- Internal and external dependency losses

Indemnity period



- Several months to five sometimes six years



- At least 12 months



- Commonly 12 months



- Commonly 12 months



- Commonly 12 months

Valuation period



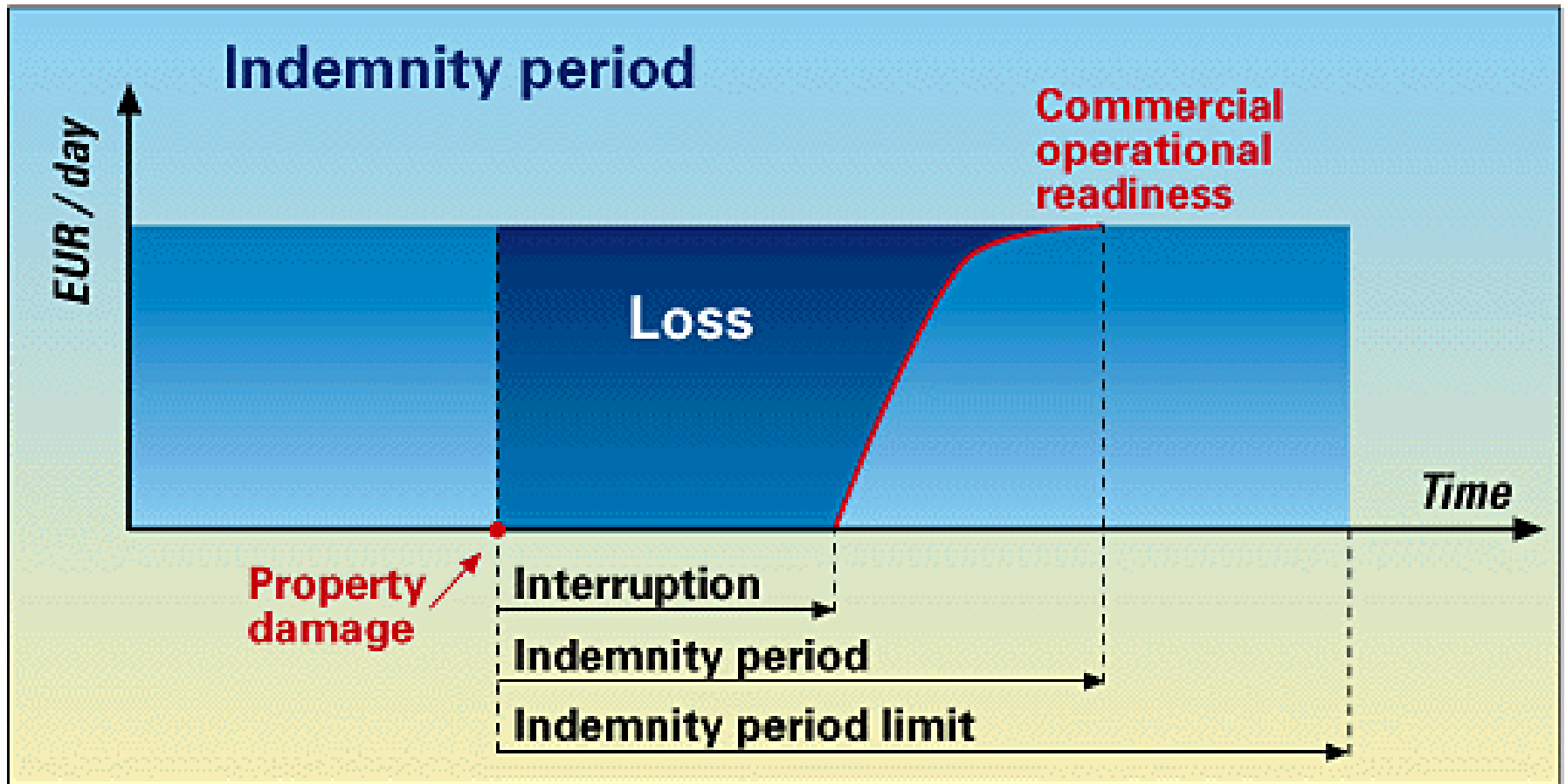
- For all countries, except Germany:
12 months prior to the date of loss
- Germany
12 months calculated backwards
from the end of the loss

End of the business interruption



For all countries:
Commercial operational readiness

Commercial operational readiness



Rating approach



- For all countries, except Germany: Fire premium rate is multiplied by a factor which is then applied to the gross profit
- Germany
Non-binding fire BI premium guidelines of the Association of German Property Insurers
 - Separately gathered statistics
 - This premium rate is multiplied by the sum insured.



Spain

Rating

-
- Fire BI tariff exists in some companies
 - Usually the rate is based on the fire rate
 - Taking into account indemnity period and deductibles
 - An additional premium is charged for Consorcio hazards
 - Natural hazards and political hazards



Italy

Rating

- No fire BI tariff exists
- Fire BI can be obtained by multiplying the fire premium rate by a correction factor
- BI deductible is at least three days