

Producer's Guide to Image Related Services

Insurtec, Inc. - (800) 606-0621 - PO Box 25 - 123 S. 6th - Rich Hill, MO 64779
www.insurtecinc.com

Providing your clients in the image business with liability insurance is just a phone call away! We can provide a quote over the phone with the pertinent information or by fax with a completed application. The following are some points that you should know about our policy:

- ✓ Liability is provided on an "Occurrence" policy form (Standard ISO)
- ✓ There are no cancer or eyewear exclusions
- ✓ Premises, Personal Injury, and Products are included in the basic form. Therefore, please ensure that we quote all professional hazards that you intend to be covered. (i.e.: 2 Cosmetologists and 1 Esthetician)
- ✓ All liability is provided CSL. We strongly recommend that Professional limits are requested equal to the basic GL limit.
- ✓ Property is provided "mini-Bop" style on Special ISO form.
- ✓ We can provide coverage on a wide range of beauty and image services. Please make sure our quote declares the hazards that you intend to be covered.
- ✓ We write liability with or without property. While our property rates are very attractive, we understand that you may want to write property in your own markets.
- ✓ The carrier is surplus eligible in most states and is rated "A -" (or better) by AM Best's. We do maintain markets to accommodate risks located in excluded states.
- ✓ If you currently have a beauty salon covered but need to place the tanning risk, we are able to cover that as well. We simply need the policy number, expiration date and carrier name of the other existing policy.

How To Obtain A Quote

Call one of our toll free numbers and identify yourself as a broker who wishes to obtain a quote for a client. You will be asked client information (name, address, phone, etc.) and hazard and exposure questions relating to liability and property. If you can provide this information, we can usually provide a quote over the phone. We will then mail and/or fax the quote to you with an application. We can also quote from a completed application.

Binding Coverage

Once you have the original signed application, a specimen of the customer injury waiver card, you may fax all items to our office with your written request to bind coverage if you need same day coverage. You should have collected the full premium or down payment from the applicant. Please fax a copy of your agency check or the customer's credit card number with the application papers. Everything must be mailed to us the day of binding. We will issue a standard ACORD binder by mail upon receipt of the originals. If we do not receive the originals of all documents within 10 days, we will issue DNOB.

Payment Plan

If the insured does not wish to pay in full, then they will be expected to pay 25% of the quoted premium as indicated on the quote as a down payment. The rest will be financed in either 6 or 9 payments. If no payment plan is selected, the 9 payment plan will default. This is a direct bill via coupon book. You will receive a coupon book with the binder that you must forward to the insured. If, for some reason, you do not receive a coupon book by the date indicated on the statement as being the first payment date, please call our office as soon as possible to correct this matter. We do accept VISA, MasterCard and Discover.

Commission

Commission is 8% of the flat premium. All taxes and fees are included in the quote you get. Your commission check will be mailed to you when the policy is issued. Please do not hold out commission from any check sent to bind! We will issue you a prompt commission check. If we have not bound coverage with you before, please send a copy of your license. We cannot bind a policy until we have this on file. The managing underwriter will file the surplus tax.

Pertinent Eligibility Guidelines

- ✓ All equipment must be UL or equivalent approved and operated within the prescribed FDA requirements.
- ✓ The risk must use a general personal injury waiver form and keep the document on file for each customer.
- ✓ All timing devices must be operative and beyond the control of the tanning user or controlled by the attendant.
- ✓ We employ some peril and deductible limitations for coastal property. Please consult with your Insurtec agent for these specifics. Property of, or contained in, buildings in excess of 25 years of age may not be eligible unless they have had wiring upgrades.
- ✓ Hazardous adjacent properties must be noted.

If you have any questions, please call (800) 606-0621 or fax us at 866-606-0620.

Insurtec Frequently Asked Questions

(800) 606-0621

www.insurtecinc.com

1. *What liability limits do you recommend?*

There are a few things you should consider when deciding what limit of liability you should carry. First, if you rent your salon space, check your lease. There may be stipulations in it that require you to carry a certain amount of liability. Second, talk with other business owners to get a feel for what limit may be best suited for your situation. Finally, examine your own personal wealth and determine the risk level that you are most comfortable with. Remember, if there were to be a claim against your business, your own personal assets could be accessed.

2. *How do I contact safety associations in order to get a safety discount with Insurtec?*

Here are four excellent safety associations that can help train you and/or your employees, making you eligible for discounts applied to an Insurtec policy:

Indoor Tanning Association (ITA) – (888) 377-0477

Smart Tan Network – (800) 652-3269

Suntanning Association for Education (SAE) – (800) 536-8255

National Tanning Training Institute (NTTI) – (800) 529-1101

3. *Are booth renters and independent contractors considered employees?*

They are only considered employees if they are paid by you on commission or a percentage. As long as the booth renters pay a flat rate, they are considered independent contractors or booth renters.

4. *Will my policy cover booth renters and independent contractors?*

No, your booth renters/independent contractors should carry their own policy to cover them when they are offering services. To protect yourself, you should also require that they list you as an additional insured on their policy. We have policies specifically designed for booth renters/independent contractors. You can also add a booth renter/independent contractor to your existing policy. Keep in mind, however, that they will only be covered when offering services on your behalf.

5. *What is property coverage and how do I calculate the amount I need?*

Property coverage is coverage for property such as beds, booths, tables, chairs, computers, tenant improvements, stock and various other properties. This coverage, for instance, may cover you in the event of a fire. Also, we offer our policies on a replacement cost basis, so when you calculate how much coverage you should carry, be sure to include what it would cost if you had to replace the property. No depreciation is involved with replacement cost.

6. *What happens if I do not have enough property coverage?*

If you are underinsured, you may not be eligible to recover the full amount of the loss. For instance, if you had \$150,000 worth of property and only covered \$100,000, you would most likely not recover the full amount in a \$100,000 loss because you would be considered underinsured.

7. *Do I need to notify Insurtec if I add or subtract beds?*

Yes. If you add or remove beds you should notify us as soon as possible. If you have more beds than what is outlined in your policy, you are underinsured and may not recover the full amount in the event of a loss. Alternatively, you may be able to get a credit if you subtract beds, lowering the cost of insurance.

8. *What payment plans are available?*

We offer financing plans of six or nine monthly payments. Basically, you pay 25% down and the rest is financed over a six or nine month period. After the last payment, you are paid in full for the policy period.

9. *What forms of payment do you accept?*

We accept MasterCard, Visa, Discover, company and personal checks.

10. What is an occurrence limit?

The occurrence limit is the limit your insurance company will pay for all claims that arise due to one single incident.

11. What is the advantage of an occurrence policy?

An occurrence policy means that if an incident occurs that would be covered under the policy, as long as the incident occurs during the policy period, the claim is covered regardless of when the claim is reported. This would be important in covering a claim that took an extended period of time to manifest itself, such as cancer.

12. Does the Insurtec policy exclude cancer?

No, the Insurtec policy does not exclude cancer.

13. What is an aggregate limit?

The aggregate limit is the limit your insurance company will pay for the total of all incidents that occur during the period of time covered by the policy.

14. What does professional liability mean?

Professional liability is the liability you carry because of your professional expertise. This would include the advice you give clients and the services you provide. Two examples of professional liability would be someone being burned in your tanning bed or a client being injured while getting their nails done. If a person is injured because they relied on your expertise, and all equipment performs properly, you may be liable for damages.

15. Will my policy cover me if someone gets burned?

Yes, that would fall under the professional liability portion of the policy.

16. Doesn't a waiver card protect me from getting sued?

No. Although a waiver card can help defend your business in the event of a lawsuit, it does not protect you from being sued or being found liable.

17. I want to use my local agent, but (s)he will not cover my tanning beds. What do I do?

We would be more than happy to work with your local agent to offer insurance coverage to you. This will not raise the cost of insurance to you, and you will have the piece of mind of using a familiar agent to handle the details.

18. What do I do if I have a claim?

Give us a call as soon as possible to report the claim. The sooner you call, the quicker we can assign an adjuster, if necessary, and investigate the claim.

19. Who is an additional insured or a loss payee?

An additional insured is a person, other than the insured, who is protected under the terms of the policy. An example of an additional insured would be a landlord. A loss payee is similar, as they are leasing or mortgage companies who have an interest in your business and may be paid in the event of a loss. It is not uncommon for a person to be both a loss payee and an additional insured.

What you should know about tanning salon insurance..

Liability Insurance

Liability insurance protects you against a claim of a customer that may arise because the customer sustains injury because of your neglect or error; or from a product that you sell. Liability insurance pays for claim investigation, your legal defense, and the amount of damages you are directed to pay an injured person by a civil court. The policy will also pay for damage you cause to the property of another person.

There is a limit of the "money damages" for bodily injury and property damage that your insurance policy will pay. The "Occurrence Limit" is the limit your insurance company will pay for all claims that arise due to one single incident. The "Aggregate Limit" is the limit your insurance company will pay for the total of all incidents which occur during the period of time covered by the policy; usually one year.

Liability insurance is usually provided in parts or "components". Not all policies contain all coverage "components". The four basic components of liability coverage provided by Insurtec are: Premises Liability, Products Liability, Personal Injury Liability and Professional Liability.

- Premises Liability Insurance- This coverage protects you from claims against you by a non-employee member of the public as a result of injury they may sustain because of a defective condition of the premises you own or occupy. An example might be a wet floor that causes a slip or fall.
- Products Liability and Completed Operations Insurance- This coverage protects you from claims against you by a non-employee member of the public as a result of injury they may sustain because of a defective, toxic or hazardous character of a product you sell, such as tanning lotions. Of course, the manufacturer is ultimately responsible for the safety of the product. Still, if you sell the product, you could be named in a suit for damages resulting from defect or adverse reaction to a product.
- Professional Liability Insurance- This coverage protects you from claims against you by a non-employee member of the public as a result of injury they may sustain because of reliance upon your expert advice. You often make decisions regarding the exposure time of your clients based upon your knowledge and experience. If a person is injured because they relied on your expertise, and all equipment performs properly, you can be sued for damages.
- Personal Injury Liability Insurance- The above liability insurance components address damages as a result of "bodily injury" to another person that is not your employee. A "personal injury" is an injury to the character, reputation or emotions of another person. This type of injury may include false arrest, wrongful detention, or (especially in a tanning salon) invasion of private occupancy; often called invasion of privacy.

The Insurtec insurance plans include all of the above coverage components. Coverage is provided without a deductible on any liability insurance component. We provide coverage on an "Occurrence" policy form. This type of insurance contract means that if an incident occurs that would be covered under the policy, as long as the incident "occurs" (happens) during the policy period, the claim is covered regardless of when the claim is reported. This is important if the claim relates to an injury that may take a long time to manifest itself, such as skin cancer.

Important: In a tanning business, you should insist that your insurance coverage (A) contain liability insurance provided on an "Occurrence" policy contract type, (B) does not include any coverage exclusion for claims which may involve any cancer, and (C) Specifically provides Professional Liability Insurance for tanning as a separate coverage part integrated into the liability insurance package.

Remember, liability insurance does not respond to claims of injury made by you, any employee, or any contractor of services to your business. These claims would fall in the area of Workers Compensation Insurance and private health insurance. Insurtec does not currently offer this coverage, nor does any coverage provided under Insurtec plans provide any type of automobile liability insurance.

Property Insurance

Property Insurance is quite different from liability insurance. Property Insurance protects you by providing reimbursement (indemnity) for loss of property you own or lease. The cause of the loss must be a cause covered by the policy (a covered peril). Some typically excluded causes of loss are: damage caused by the backup of a sewer or drain, damage caused by surge or failure of an electrical power source, flood, earthquake and damage caused by contamination.

The basis of reimbursement to you may be the "actual cash value" (replacement cost less depreciation) or "replacement cost". The Insurtec plan features the "replacement cost" basis of indemnity.

Property Insurance may cover your building, your business personal property, your income from business operations, outdoor signs, money on your premises and the cost of reproducing electronically stored data.

Property coverage is optional under the Insurtec plans.

Normally, if you need property coverage, we at least provide business personal property (BPP). BPP covers your contents, equipment, inventory, fixtures, and your cost in any permanent improvements and betterments to the premises such as carpet and interior wall structure. Other coverages are added to the BPP without charge such as loss of income and outdoor signs. You should insure your property to 90% of its replacement cost. Property coverages are subject to a modest deductible.

In some instances, there may be others who have interest in property owned by you such as a bank holding a security interest in the property as collateral for a loan or a leasing company. These entities will require insurance. Insurtec can provide proper evidence of insurance to these entities.

Insurtec Can Help!

Insurtec has designed these coverages around your need. We offer the most flexible combinations of limits and rating plans available through any national tanning insurance program. You should feel free to call our Customer Service Representatives with any questions you may have at (800) 606-0621

Underwriters of our programs possess recognized credentials as financially secure insurance companies. All are rated "A-" (or better) by the A.M. Best Company.