

MARSH

September 2007

Worldwide Express Insurance Program Presentation

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WWE Convention – Hollywood, FL



Marsh & McLennan Companies

Agenda

- Program Overview
- Benefits – Selling the Program
- Reporting Shipments
- Excluded Commodities and Options
- Claims Handling
- Program Results
- Support Team



Program Overview

Program Overview

- The WWE Cargo Insurance Program offers clients of WWE Franchises the opportunity to purchase cargo insurance in conjunction with their shipments declared to the Speedship Program.
- **The Program:**
 - Covers **almost anything** that is accepted for shipment by DHL.
 - Provides **simple** administration and claims handling.
 - Offers rates **exclusive** to the WWE Franchise program – we will not offer these rates directly to your clients unless WWE is involved.
 - Is **unique** to Worldwide Express.
 - Covers on terms that are far **broader** than offered by DHL at a much lower cost.
 - Is **client service oriented**, aligned with WWE's philosophy

Program Overview

- **Worldwide Express is not an insurance carrier or insurance broker, and is not responsible for any claims arising under the program. WWE is not a licensed broker, and you are not selling insurance. You are introducing a program that is available to your clients.**
 - **It is important that you do not, at any time, counsel on coverage or claims issues. Get us involved.**
- **Marsh Inc. is an insurance broker - we represent your client and deal with underwriters on your behalf. Premiums are paid to us on behalf of underwriters, however, we do not pay claims.**
- **CNA is the insurance company – they take the risk, are paid the premium and are responsible for policy terms and claim settlement.**

Program Overview

Cargo Insurance vs Carrier Liability

Cargo Insurance (Shipper's Interest):

- Policy protects the customer's cargo while in transit against "All Risks" of physical loss or damage, including Acts of God, terrorism, strikes, riots and civil commotions...
- Shipments are insured for **the full value** of the goods and allows for replacement of freight charges, so your client can reship.
- The cargo owner does not need to prove fault on the part of the carrier

Carrier Liability:

- Carrier's liability is limited to standard limitations noted on their bill of lading (example DHL: \$100 / shipment) – even declared value protection may be limited, such as for loss due to Acts of God.
- Claims settlements may take several months - even with a well documented claim.



Benefits – Selling the Program

Benefits of Selling the Program

WWE Client or Prospect:

- Offers a **significant savings** over the more limited legal liability coverage provided by the couriers.
 - Domestic at 0.25%
 - International at 0.31%
 - COD at 0.35%
- Provides **insurance coverage** rather than just legal liability.
- **Simplifies** the **reporting procedure** as it is built into the declaration process. Clients can purchase insurance separately, but then they will need to do separate declarations and billings.
- Claims service that is **client focused** working with the franchises.

Benefits of Selling the Program

WWE Franchise:

- Low cost and broader coverage enhances WWE **competitive advantage** during the sale process.
- Application process provides an opportunity to **build a deeper client relationship.**
- Tying the offering to Speedship makes it **difficult for clients to move their business** or work with alternative couriers for a portion of their business



Client Set-Up and Reporting Shipments

Client Set-Up

- **Brochures clearly explain the program offering**
 - Client version
 - Franchise version

- **Application form allows client to detail their requirements**
 - ensures that they are getting the right coverage
 - allows you to get to know the client better
 - **covers us both from a liability perspective**

- **Restricted Commodities List/Claims Guide**
 - Helps to clarify what is and is not covered
 - Outlines the claims process

Reporting Shipments

- Insurance is “turned on” through PICK system
- Speedship requires 3 insurance fields be completed:
 - Do you want to insure
 - Insured Value (Full Value)
 - Description (General)
- Based on declarations, premiums are calculated and invoiced by to your clients by ODC.
- Franchises are invoiced through CargoCover and pay invoices either by check or credit card through the CargoCover.com site. (*Yes, there are too many passwords and we are working on AMEX.*)

Reporting Shipments

Alternative Methods of Declaration:

- Weekly or monthly declarations from internal reports – DHL reports or the client's own reporting process
- Directly to CargoCover.com

However, for both of these methods the client's premium will be invoiced by us directly to the client rather than through ODC.



Excluded Commodities and Options

Excluded Commodities

Excluded:

- Live Plants or Animals
- Bullion, **Currency, Money**, Securities, Accounts, Bills, Deeds, Evidence of Debt, Notes, Stamps
- Human remains, medical Samples and/or biological products/diagnostic specimens, **blood, blood products, plasma**, embryos, human or animal specimens or tissues, bodily fluids.
- Ammunition and/or Explosives of any type
- Counterfeit, Illegal or Pirated goods or material
- Any item(s) the carriage of which is **prohibited by any law**, regulation or statute of any federal, state or local government to or through which the shipment may be carried.

Restricted Commodities

Restricted:

- Alcoholic Beverages and Tobacco Products
- Dangerous Goods and Firearms
- Jewelry, precious metals and stones; however, the program will cover individual shipments to a maximum insured value, per bill of lading, of \$10,000.

PROVIDE AN APPLICATION

Special Care Commodities

Special Care:

- Fine Art, Collectables, Antiques; require professional appraisal prior to shipment and must be professionally packed by a recognized expert in the industry. However, art, antiques and collectibles with a clearly established market value, and that are easily replaced can be insured without appraisal.
- Perishable items – scope of coverage
- Used Personal Effects – valuation and 1 in 4 shipments sees a claim

PROVIDE AN APPLICATION



Claims Handling

Claims Handling

- WWE program claims are generally considered “small” by most major cargo underwriter’s standards.

- This is what they like to see....







Claims Handling

- The insurance company wants to process these small claims quickly, but to do so, they require a minimum amount of detail to be provided.
- If the required detail is provided when a claim is submitted, settlement should take no more than two weeks to be processed.

Claims – Delivery Process

Upon receipt of shipments, your customers should be advised to **count, weigh, review and examine all packages** before accepting delivery. In the event of a loss or damage of a shipment:

- 1) Do not sign a clean delivery receipt.** On the electronic delivery receipt, explicitly note the damages or shortages;
- 2) Keep a copy of the delivery receipt,** if one is provided.
- 3) Advise the franchisee immediately** and provide the documentation noted on the Loss/Damage Claim Form.

In the event of non-delivery of the entire shipment, the customer should report to the franchisee within 2-3 days after the anticipated delivery date has passed.

Claims Process

For processing, claims are batched into three types:

- under \$500
- above \$500 but less than \$1,000
- above \$1,000

All claims must follow **Steps 1 and 2**:

Step 1) The claimant must **advise the franchise immediately**.

Step 2) Franchise **completes the on-line Loss/Damage Claim Form** through Worldwide Express intranet, which is forwarded to CNA, and MTI Inspections Service (if applicable) electronically.

Claims Process

For Claims Under \$500

- After successful completion of Steps 1 and 2, a settlement check will be issued and mailed to the parties indicated on the Claim Form within 10 business days.
- **Please note regarding claims under \$500:** All original documents, i.e. sales invoice and other documents, relating to this shipment shall be **retained by the claimant for a period of 24 months** after the month in which the claim was submitted. These documents need not be submitted. Insurer or its authorized representative shall have the right to audit and confirm all information and shall have access to all original source documents related to the claim.

Claims Process

For Claims Over \$500 but Less Than \$1,000

Steps 1 & 2 PLUS

Step 3:

- Sales invoice for the value of the goods or
- Repair invoice itemizing the parts and labor (if applicable)
- If not repairable, a statement of non-repairability from the individual/technician who reviewed the merchandise
- Description of damages and cause (breakages/dropped)
- Detailed description of the packing
- **Photos where possible!!**

Claims Process

For Claims Over \$1,000

Steps 1, 2 & 3 PLUS

Step 4) If a damage claim, MTI Inspection Services will automatically arrange an inspection and send their report directly to CNA.
(If a shortage claim, no inspection will be conducted - obviously)

Claims Handling

■ Subrogation:

- Once a claim has been paid, underwriters have the right of subrogation against the carrier. Clients should not claim to both CNA and DHL. If they do claim against both, they are legally obligated to return payment made to them by DHL to CNA.
- Our goal is to make the process as simple as possible for the client
 - so they only need to submit the claim once to the Franchise.

■ Premium Payment:

- Late payment of premiums may impact claims payment to clients. Before settling any claim underwriters confirm a) that the shipment has been declared to them (either through Speedship or via an alternative declaration method), and that the Franchise is up to date with premium payments.

Claims Handling

CNA (Continental Casualty Company) handles all claims. If you require a status or have a claims question, please contact:

Margaret Struhanyk.

Tel: 416-542-7432, Toll free: 1-888-755-2888 or

margaret.struhanyk@cna.com



Program Results

Program Results

- Launched May 2006
- Insured shipment volume has grown from 270 insured shipments per day (July 2006) to over 1300 per day (Sept. 2007).
- While the **minimum premium is \$1/AWB**, the average premium is just under \$2, and the **average shipment value is \$939**.
- There have been **413 claims paid**, with the **average per claim of \$625.59**.
- The program loss ratio is running at around 70%, which is a bit higher than underwriters want, but not too bad. **The target loss ratio for the program is between 50% and 60%**. Keeping losses within the target ratio means that we can continue to offer the program at current rates.

Support Team

Support Team

- **WWE:**
 - Heidi Tank
- **Marsh:** for insurance coverage questions: 1 877 755 4934.
 - Kathleen Brennan
 - Michael Wilson
 - Robert Taylor
- **CNA:** for claims reporting or follow up: 1 888 755 2888
 - Margaret Struhanyk
 - Matt Douris
- **Problems...**
 - *Chet Willcut*
 - *Matthew Yeshin*

Thank You