

# JACK HUNGELMANN RISK MANAGEMENT CASE HISTORIES



***W**hat makes our business unique is our ability to respond to the needs of clients that are not met by the traditional insurance marketplace.*

*The following examples from our files illustrate how Jack Hungelmann's fee-based risk management services have benefited our clients and how they can benefit you.*

- ❖ **CLAIMS COACHING**
- ❖ **SPECIALTY HARD-TO-PLACE INSURANCE**
- ❖ **CLAIMS ADVOCACY**
- ❖ **NON-INSURANCE SOLUTIONS**
- ❖ **CONTRACTUAL EXPERTISE**
- ❖ **OUTSIDE POLICY COACHING**
- ❖ **INSURANCE POLICY EXPERTISE**

# CLAIMS COACHING

Filing claims for clients is a regular part of an insurance agent's job and is included in our no-fee agency services. But often, clients need some added coaching.

## **THIRD-PARTY CLAIMS**

- ❖ Coaching clients on how to proceed against third-party insurance companies to maximize their settlement. Being on call to further counsel them as problems arise.

## **CLAIMS DOCUMENTATION**

- ❖ Coaching clients on proactive steps to properly document the amount of their loss and thereby maximize their dollar recovery. Coaching them on how to present their claim effectively to the insurance adjuster.

## **COUNSEL ON WHETHER OR NOT TO FILE A CLAIM**

- ❖ On small claims, helping clients measure the amount of any recovery against a possible rate increase for filing the claims to determine whether filing the claim is in their best financial interest.

## **THE STOLEN PICKUP**

- ❖ Client purchased a "mint" used pickup for \$3,000. Shortly after, it was stolen. The insurer would only offer \$2,000 based on local dealer estimates. We used photos of the vehicle to document the exceptional condition and secured the full \$3,000 for the client.

**THE RESULT:** Improved claim dollar settlements. Considerably less hassle. Potentially lower rates.

# SPECIALTY HARD-TO-PLACE INSURANCE

Clients sometimes come to us with a risk where coverage is unavailable in standard markets or is priced unaffordably.

## DOMESTIC WORKERS' COMPENSATION

- ❖ Many homeowners hiring domestic labor (nannies, lawn care, remodeling) are potentially liable under Minnesota Work Comp law for injuries. Yet personal insurance policies don't cover the claim; they don't even defend it. We've designed a solution that costs as little as \$150 a year, plus our fees.

**THE RESULT:** Unlimited defense coverage for domestic worker injuries plus payment of any court mandated injury benefits.

## ACCESS TO SPECIALTY MARKETS WORLDWIDE

- ❖ Locating windstorm coverage through a London insurance source for a Virgin Islands vacation home when the coverage became unavailable following the last hurricane there.
- ❖ Locating excess auto liability through a specialty market for sueable clients whose driving records had soured and couldn't find more than \$100,000 coverage through normal channels.

**THE RESULT:** Clients denied critical, major loss insurance coverage now have it.

## PLACING CANCELED POLICIES

- ❖ Homeowners policies are often canceled for two or more non-weather claims in three years. We identify the cause of the claims and, recommend strategies to reduce future losses (i.e., alarm systems). That, combined with much higher deductibles, enables us to still secure preferred rates for client, until his/her claim record clears.

**THE RESULT:** Reduced future claims probability, combined with significant premium savings over high-risk insurance.

# CLAIMS ADVOCACY

The claims process is not always black and white. There are often disputes. Jack Hungelmann has the policy expertise and skills to effectively present the client's position in such disputes. And usually resolve them in the client's favor.

## THE AIRPLANE HANGAR

- ❖ One year after fire destroyed an airplane hangar, the owner (a non client) who was vastly underinsured hired Jack Hungelmann to review his policies to see if the claim was paid properly. And negotiate a better settlement if possible. He collected another \$16,000 as a result of Jack's efforts.

## THE UNREPORTED BABY

- ❖ Our client's eight-month old son was hospitalized with an undiagnosed condition requiring tests and \$3,500 in bills. His health insurance company denied the claim on the grounds the infant was never added to the policy (True). His attorney was unsuccessful in changing the insurer's decision.
- ❖ Jack negotiated with the insurer and made the argument that they had received "constructive" notice of the birth when they paid the maternity claim. They paid the \$3,500 in full.

## THE "COSMETIC" SURGERY

- ❖ The insurance company denied a claim for cosmetic surgery on client's facial scars years after an accident. Jack coached her on how to document why the repairs were medically necessary. The insurance company reversed their position and paid the claim.

## THE "UNCOVERED" MATERNITY CLAIM

- ❖ A female client was pregnant two months. Going through a divorce. Her group medical insurance through her husband started after the baby was conceived. She was told her \$3,000 maternity claim was not covered. She was quite upset. She brought in her policy which Jack felt did provide full coverage. Jack contacted her insurance company and presented Jack's interpretation. They agreed and paid her claim in full.

## THE CONDOMINIUM MOLD CLAIM

- ❖ Almost one year after a couple water damage claims from a leaky roof, a client suffered a massive amount of water damage when it rained heavily right after the old roof was torn off by a roofer and before a new roof could be installed. The mold was so bad from the combined effort of three water damage claims, the client couldn't breath and had to move out. Her insurance company denied her claim since the policy contained a mold exclusion. Jack interceded and convinced the claims manager to pay the claim, pointing out that the policy excluded damage caused by mold—not mold itself caused by a covered water damage claim. The insurer paid about \$75,000, including \$30,000 to replace her entire wardrobe.

**THE RESULT:** Claims paid that, without Jack Hungelmann's advocacy and expertise, would have been denied.

# NON-INSURANCE SOLUTIONS

The heart of risk management lies in strategies to reduce or prevent losses—not just insure them. We are able to recommend these strategies whenever possible because of Jack Hungelmann’s annual risk management fee.

## THE \$50,000 STAMP COLLECTION

- ❖ Client inherits her father’s stamp collection. Many volumes, valued at \$50,000. Insuring them would cost \$300 a year in premium, plus an expensive appraisal. The appreciating value would not be covered. Client has no interest in ever replacing the collection and will absorb any loss. Jack recommends a non-insurance solution that avoids insurance and still provides some loss recovery at claim time.

**THE RESULT:** Saved insurance costs. Avoided appraisal costs and hassles. Simple documentation for tax write-off.

## VEHICLE OWNERSHIP RISKS

- ❖ A successful (sueable) client buys two high-powered snowmobiles for the use of his adult children and their friends. The problem—as the owner, he is sueable for every accident. Jack recommends a transfer of ownership of both units to his children and avoid the risk completely.
- ❖ Recommending parents of teenage drivers title the teenager’s car in the teenager’s name to avoid ownership liability and lawsuits.

**THE RESULT:** Successfully avoiding the risk of ownership lawsuits and unpaid court time with no added insurance cost.

## THE DEATHBED PENSION

- ❖ Client’s dying father “ignorantly” chooses a pension payout option that would cease at his death, leaving his wife with no benefit. Jack called the employer, had the change forms rushed to us, and our client was able to get his father’s signature before he died, changing the payout so his wife would receive benefits.

**THE RESULT:** Client’s mother received a pension she would have otherwise been denied.

## STRATEGIES ON VALUABLES

- ❖ Clients often have heirloom jewelry, sterling silver, etc. that they really want to preserve to pass to their children, yet insurance can only pay cash in a loss. It can’t replace the lost “treasure value.” We have developed strategies to either prevent or greatly reduce the risk of loss rather than insure the items.

**THE RESULT:** Lower insurance costs; much better likelihood of successfully passing on treasures to others.

## NON-INSURANCE SOLUTIONS (cont.)

### NON INSURANCE FOR BUSINESS

- ❖ Our rule of thumb: Don't insure anything if cash doesn't solve the problem. Good examples: Computer software and data, original maps, customer files, original tests, accounts receivables, etc. We recommend prevention through offsite backups, duplicate originals, document scanning, fireproof, waterproof storage, etc.

**THE RESULT:** Lower insurance costs plus significantly reduced business losses from damage to irreplaceable information

# CONTRACTUAL EXPERTISE

All small business owners and many individuals are signing contracts regularly, as part of living. Jack Hungelmann's annual risk management fee allows Jack to review all contracts and leases, identify risks therein and recommend strategies to respond to those risks.

## RENTED WEDDING HALL

- ❖ The restaurant catering the wedding reception was contractually requiring our client to assume all liability—even food poisoning! (actually a fairly common requirement). Jack counseled our client to amend the contract making the restaurant responsible for its own mistakes.

**THE RESULT:** The cost of extra insurance was avoided. The exposure to our client was tremendously reduced at no cost.

## TOWNHOUSE BYLAWS

- ❖ Most townhouse purchasers insure the building through an Association Master Policy and just buy insurance on their belongings. Big mistake. Why? Many Master Policies and Association Bylaws don't cover much of the unit interior—carpeting, lighting fixtures, etc. The result—in a major fire the townhouse owner could lose thousands of dollars. Jack reviews both the Master Policy and the Bylaws, discovers the contractual exposures and recommends solutions that either amend the Bylaws or arrange the correct interior building insurance.

**THE RESULT:** The interior coverage is coordinated with the master coverage and gaps are plugged. With a focus on minimizing additional insurance if possible.

## VACATION RENTALS

- ❖ Many rental contracts (cars, boats, etc.) not only require the renter to pay for damage they cause but also to pay for any damage whatsoever regardless of fault! (i.e., wind, hail, vandalism, etc.) Jack reads the rental contract, identifies the contractual risks, and makes recommendations to either avoid the risk by modifying the language. Or we locate the proper insurance. Neither could be accomplished if the agent/advisor doesn't read the contracts.

**THE RESULT:** The clients are properly safeguarded either by contractual changes or additional insurance.

## CONTRACTUAL EXPERTISE (cont.)

### MULTIPLE PROPERTY OWNERSHIP

- ❖ Clients sometimes jointly own vacation property with other families and share the use. Unfortunately, they often share liability too. Subject to lawsuits for acts of other owners or guests just because they were a co-owner. Jack's strategy is to work with the owners' attorney to contractually reduce these ownership risks. Jack will also recommend the proper insurance coverage each owner needs so all the bases are covered

**THE RESULT:** Reduced insurance costs. Greatly reduced ownership risks through contracts.

### LEASEHOLD IMPROVEMENTS

- ❖ Many small business owners that lease space unknowingly contractually agree to insure all building improvements made at the landlord's expense on behalf of the tenant. (i.e., Tenant failed to insure \$50,000 of landlord paid improvements. A fire ensues and tenant loses \$50,000 out of pocket!) As a part of his annual risk management fee, Jack will review leases, identify the problem, and recommend either a contractual change or necessary insurance.

**THE RESULT:** The client successfully avoids a \$50,000 out-of-pocket loss.

### DISCLAIMER

We are not attorneys. We do not attempt to practice law. We are skilled at identifying contractual exposures and arranging necessary insurance or recommending a client seek legal counsel for any needed contractual changes.

# OUTSIDE POLICY COACHING

Often our clients call us for counsel on insurance they buy elsewhere—in other states, through the mail, through associations, or through their employer. Jack Hungelmann's annual risk management fee allows us to make that counsel available.

## INSURANCE IN OTHER STATES

- ❖ Designing insurance specifications and locating agents in other states to place insurance for:
  - An inherited ranch in Montana
  - A second home in the Colorado Rockies
  - Vacation condominiums

**THE RESULT:** The right coverage successfully placed. Saving the client a lot of time and frustration and possible surprises later at claim time.

## GROUP HEALTH INSURANCE COACHING

- ❖ Following a job change, coaching clients on their legal rights under federal and state law to continue health coverage for up to 18 months. Helping clients evaluate those costs versus purchasing insurance in the open marketplace.

**THE RESULT:** Better informed clients armed to make sound health insurance decisions. Often resulting in premium savings of \$1,000, \$2,000, or more a year.

## CLIENTS WITH HIGH RISK MEDICAL CONDITIONS

- ❖ Helping these clients get guaranteed health insurance through the Minnesota health association.
- ❖ Coaching these clients on sources of guaranteed life insurance such as group life at work or through a professional association. Even helping them determine the correct amount needed.

**THE RESULT:** Clients who would have otherwise been uninsured for medical or life insurance were able to get coverage at reasonable rates.

## OUTSIDE POLICY COACHING (cont.)

### **BUSINESS LIABILITY INSURANCE AVAILABLE THROUGH ASSOCIATIONS**

- ❖ A psychologist client was considering changing his professional liability insurance (purchased through his association) due to a 30% apparent premium savings. He hired Jack to compare the two policy contracts. The less expensive policy did not cover 50% of the client's professional activities. He didn't make the change.

**THE RESULT:** The client avoided a possible catastrophe. He kept the higher priced policy and retained full coverage for his professional activities.

- ❖ Designing insurance specifications for small business franchisees. Where due to mass franchise buying power, insurance costs are greatly discounted, yet with limited professional advice available. Clients hire Jack to design the coverage specifications. Even ordering the coverage for the client..

**THE RESULT:** The best of both worlds: Discounted insurance costs without sacrificing proper coverage or counsel.

### **MAIL ORDER INSURANCE**

- ❖ For clients who have access to low cost insurance through the mail (i.e. AARP, GEICO, USAA, etc.) that comes with little or no professional counseling, Jack designs the insurance specifications. And he continues to provide ongoing counsel on changes to the plan to correspond to the changes in your life.

**THE RESULT:** The clients gets the low mail order rate without losing needed professional counsel.

# INSURANCE POLICY EXPERTISE

Perhaps our greatest value to clients is Jack Hungelmann's expertise in the coverage gaps and loopholes of insurance policies and his expertise in combining insurance and non-insurance strategies to avoid those gaps. Always with a goal to minimize insurance costs.

## INSURING APPRECIATING PAINTINGS AND SILVER

- ❖ The standard insurance response to insuring these items is to "schedule" them individually. Yet doing so has a major pitfall—no coverage for appreciation. (i.e., a \$20,000 painting that appreciates to \$40,000 in three years. Policy only pays \$20,000.) Jack developed a different type of insurance strategy for these risks that will usually fully cover the full appreciation at the time of loss. With less need for updated appraisals.

**THE RESULT:** Client now is fully reimbursed for his loss, including the appreciation. Plus saves much of the time and expense and hassle of appraisal updating.

## THE COMPANY CAR

- ❖ There are at least two major coverage gaps that come with every free company car. Jack developed a strategy where the gaps can be plugged for as little as \$10 a year.

**THE RESULT:** Catastrophic liability gaps not usually covered are plugged for virtually no cost.

## THE CORPORATELY OWNED/LEASED CAR

- ❖ A frequent mistake small business owners make is to insure these cars under a personal auto policy, since personal rates are 30% less than corporate. Problem: neither the corporate or personal insurance will apply to the corporation, so the corporation has no coverage anywhere. Jack has a contractual solution—zero cost to clients.

**THE RESULT:** The client retains the pricing advantage of personal insurance, yet is able to plug this gap and fully protect the corporation.

## VACATION BOAT RENTALS

- ❖ Renting a \$300,000 houseboat. Or chartering a \$100,000 sailboat or runabouts. All have similar risks. Liability to others for injuries and property damage. (Liability for damage to the rental boat.) The Homeowners policy usually covers none of those exposures. Even the coverage from the rental agency is poor. Jack has developed solutions for both of these major risks for little or no added insurance costs.

**THE RESULT:** Successfully securing proper catastrophic liability coverage which otherwise would have been excluded and possibly financially ruined the client.

## INSURANCE POLICY EXPERTISE (cont.)

### THE DISABLED MOTHER

- ❖ The client's disabled elderly mother with a \$2.5 million estate buys a van fitted for her needs in her name for her adult children to use personally as well as haul her. She has no driver's license herself. Yet, as the owner, she is sueable for all accidents. She needs both Auto and Umbrella coverage to protect her estate. Jack negotiated both coverages with the insurance company as amendments to her children's policies with no premium increase.

**THE RESULT:** The sueable mother and her estate have \$2.5 million liability coverage for free

### PERSONAL PROPERTY MOVES

- ❖ Property being moved is so much more vulnerable. Collisions, overturns, damage from load shifting. Yet Homeowners policies cover primarily just fire and theft losses. Big problem. Even movers you hire often limit their liability to 50¢ a pound. (i.e., \$35 for your new big screen color TV!) Jack has developed both insurance and contractual strategies to avoid most of the limitations of both Homeowners policies and policies of professional movers.

**THE RESULT:** Our clients now have coverage for damage in moves where little or no coverage would otherwise have existed.