

APPAREL INSURANCE NEWS

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Insurance claims we've seen:

- Broken sprinkler head causes \$275,000 inventory loss to men's suit store.
- Fabric dye on jeans causes a \$12,000 products liability claim for sportswear maker.
- Slip & Fall claim, paid \$750,000 settlement due to "high profile" claimant.
- Homeless man trying to keep warm, starts fire in an alley and nearly destroys 152,000 square ft. landmark building.
- Experienced Marketing rep sues her employer over being "forced out by someone younger and cuter." Employment Practices Liability policy tapped to pay cost of legal defense.
- Routine "fender bender" claim balloons into \$350,000 demand, our client's personal "Umbrella Liability policy" gets called into play.

CONTRACTOR BURNS, TELLS CUSTOMERS "SORRY, THERE'S NO COVERAGE AND NO INSURANCE."

An apparel contractor in Los Angeles burned to the ground in June 2005, and the fire, water, and smoke damage completely destroyed the inventory in process of 8 major manufacturers. Each manufacturer faced an average loss of 7,500 pieces. The finishing contractor's liability insurance carrier refused to pay for any loss, simply because contractor's liability in this instance excludes "property of others, in [your] care, custody or control." Unfortunately, this type of claim is all too common.

Fortunately, the clients of Kulchin Ross Insurance were protected in the above claim, and the average claim payment was \$58,000, because many of our policies can be written to cover Goods in Process, while off-premises, or "processing floater" coverage.

A contractor's compliance program often includes Workers' Compensation, however, fewer manufacturers verify the Property and Liability coverage

of their contractors. By checking your contractor's insurance, and confirming that your own coverage will apply, manufacturers have a nearly unbeatable "one-two punch" in the fight to protect their inventory while outsourcing production.

The Global economy demands more attentive risk management and broader policies. Finishing contractors often receive full containers of apparel at one time.



Know your contractor, and know about their insurance.

This can make separation of exposures (i.e. "fewer eggs in one basket") more difficult to achieve.



Fire sprinklers do little to protect your stock. This textile warehouse was a total loss to both building, and contents, a \$3,800,000 loss.

When you have \$250,000 + values involved at a single location, and that location is under the control of mostly strangers, it makes sense to carefully verify that company's practices and insurance coverage more closely. And the ultimate backstop, it makes sense to know your own insurance coverage better than ever before.

For more information on how Kulchin Ross Insurance programs help protect your apparel company on a worldwide basis, call Bill Kulchin at 818-996-0900 office, or 818-968-1354 cell.

STOLEN TRAILER RIG, BUT TRUCKER IS NOT INSURED. ARE YOU COVERED?

A Mexican transit company had scheduled a 4pm Los Angeles delivery of 25,000 pieces of hanging garments. Due to delays at the Tijuana border, the trailer was temporarily waylaid overnight in San Ysidro, CA. But later that night, the trailer and its

contents were stolen, literally driven away past the on-duty gate guard. The transit company did not carry motor truck cargo liability, nor transit insurance of any kind. What went right? The manufacturer in Los Angeles was a Kulchin Ross client, and his \$258,000 loss was paid for

under a worldwide Transit policy.

When other sources of claim recovery become "dead ends" your own Transit policy can save your business from ruin.