

**Trucordia**



# Importance of Liability Insurance

Keith Shirey & John Hillis



# ▶ Trucordia at a Glance

At Trucordia, we celebrate both individual successes and collective accomplishments, making sure the industry recognizes the remarkable company we're building together, as well as the impact we're having on our clients and communities.

## Consistent, strong performance

**\$8B+**

estimated market premium 2024



**\$360M+**

EBITDA 2024



**8.6%**

YoY organic growth in 2024



**1M+**

clients across the nation



## Awards and recognition

**#13**

largest U.S. P&C agencies 2024



**#19**

largest U.S. brokerages 2024



**AMONG**

fastest-growing private companies in the U.S. 2022 - 2024



**AMONG**

fastest-growing company in Utah 2021 - 2024



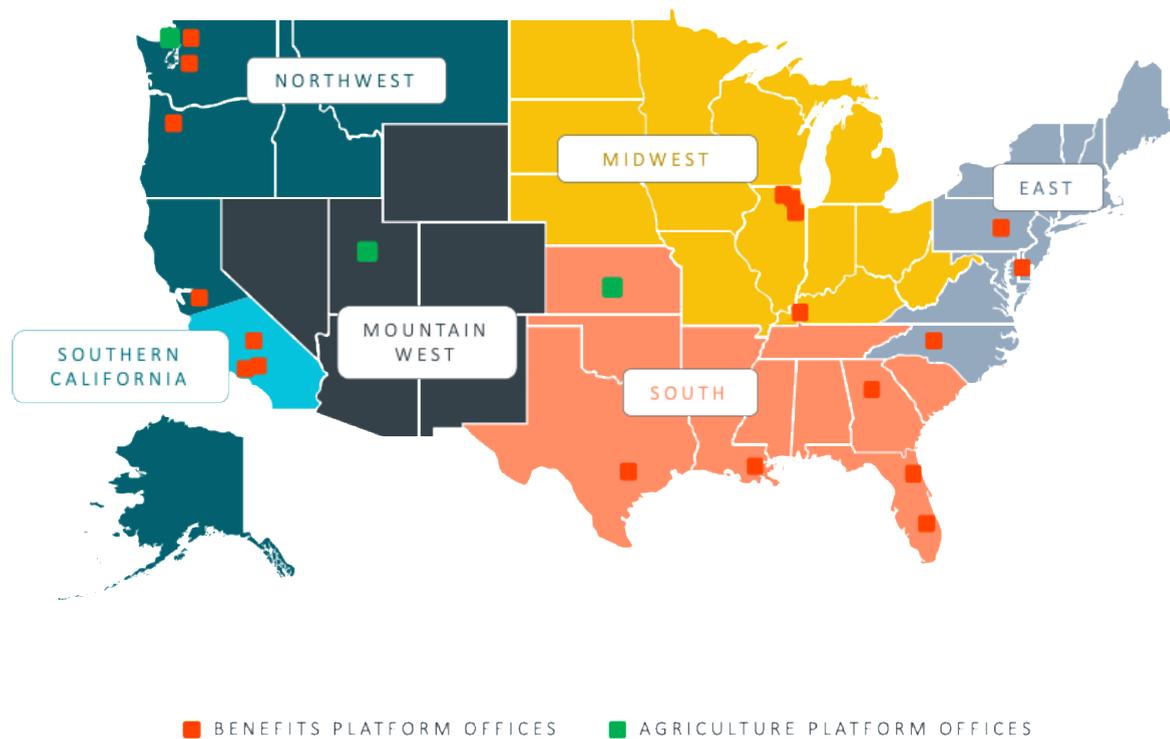
**TOP**

company to work in Utah 2022 - 2024



# ▶ Trucordia's powerful reach

**Trucordia** has 5,000+ team members with deep knowledge and experience who help our nationwide clients protect what matters most



**Trucordia** is continuously strengthening our relationships with national and regional carriers and wholesalers





# Importance of Liability Insurance

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## ▶ What is General liability

- **General Liability (GL)** protects a business from claims alleging:
  - **Bodily Injury**
  - **Property Damage**
  - **Personal & Advertising Injury**
- **Common examples:**
  - **Slip-and-fall**
  - **Customer injury**
  - **Damage to third-party property**
  - **Libel, slander, copyright infringement in advertising**
- **Key things GL does NOT cover:**
  - **Employee injuries (Workers' Comp)**
  - **Auto accidents (Auto Liability)**
  - **Professional mistakes (Professional Liability)**
  - **Pollution (usually excluded)**

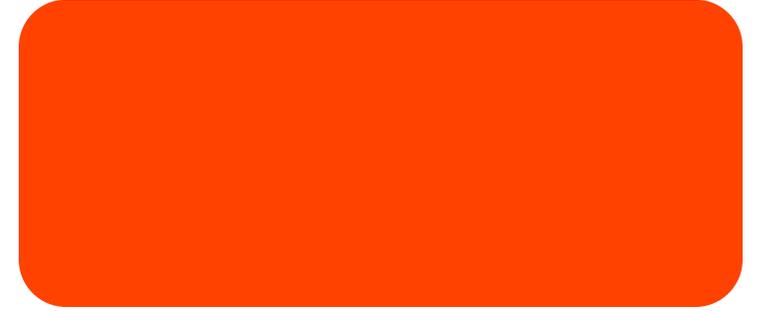
# Common Limits

- **Each occurrence: Commonly 1,000,000**
  - The maximum paid for any single claim or accident
  - Applies to bodily injury, property damage, and personal/advertising injury
- **General Aggregate limit: Most commonly 2,000,000**
  - The maximum the policy will pay for all claims combined during the policy year
  - Once exhausted, no coverage remains until renewal
- **Products & Completed operations aggregate: Most Commonly 2,000,000**
  - Covers claims arising from work that is finished or products that have left your control
  - Applies to injuries or damage that happen after the job is completed
- **Personal & Advertising Injury Limit: Most Commonly \$1,000,000**
  - Covers libel, Slander, Copyright infringement in advertisement, wrongful eviction, Invasion of privacy
- **Damage to Rented Premises: Most Commonly 100,000-1,000,000**
  - Covers damage you cause to a leased or rented building
  - Usually limited to fire-related damage
- **Medical Payments: Common limits: \$5,000 – \$10,000**
  - Pays minor medical bills quickly, without proving fault
  - Designed to prevent lawsuits

# ▶ Who Needs General Liability

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- Contractors & trades
- Manufacturers
- Property Owners
- Service Businesses
- All business types



# Why it matters to you.....

- **High public and third-party exposure from vendors, truck drivers, subcontractors, and site visitors**
  - Slip-and-falls, jobsite injuries, and property damage claims are common, even when safety procedures are followed.
- **Inherent property damage risk from heavy equipment, blasting, vibration, truck traffic, and debris**
  - A single cracked foundation, damaged road, or utility line can result in a major claim.
- **Michigan-specific exposure due to dense waterways, wetlands, freeze–thaw cycles, and strict oversight**
  - These increase the likelihood that routine operations impact surrounding properties. Even non-pollution claims (mud on roads, sediment damage, erosion) often fall under GL.
- **Lawsuits happen even without fault — legal defense costs alone can exceed six figures**
  - Even if your business did nothing wrong, you can still be sued.
  - Attorney fees, Expert witnesses, Court costs
  - Defense costs often exceed \$100,000 before a case is resolved
- **Required for permits, contracts, and landowner agreements (often \$1M / \$2M minimum)**
  - require proof of General Liability coverage — often \$1M / \$2M minimum.
- **Rising claim severity and jury awards make uninsured losses financially devastating**
  - Medical costs, wage loss, and litigation trends mean:
    - Claims settle higher
    - Lawsuits last longer
    - \$1M limits can be exhausted quickly
    - GL protects the balance sheet — and pairs with umbrella liability to prevent catastrophic loss.
- **Protects business continuity and credibility with lenders, customers, and regulators**

# General Liability Case Study

- ▶ • **Scenario 1**
  - A concrete contractor pours a sidewalk at a commercial property. Overnight, it rains. The next morning, a delivery driver slips on the slick, unfinished surface and fractures his ankle.
  - Claim allegations
    - Failure to barricade area
    - Failure to warn of unsafe conditions
    - Medical bills, lost wages, pain & suffering
  - Claim Outcome
    - Medical costs: \$38,000
    - Lost wages: \$22,000
    - Legal defense: \$45,000
    - Settlement: \$110,000
    - TOTAL: \$215,000

# ▶ What is Pollution Liability



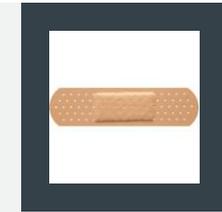
## Release of Pollutants

Contaminating land, air, or water



## Cleanup Costs

Any costs associated with the cleanup of pollutants caused by the claim incident.



## Bodily Injury

Any costs associated with bodily injury or property damage from pollutants

# ▶ Common Pollutants



- Fuel
- Oil
- Chemicals
- Concrete washout
- **Silica dust**
- Solvents
- Adhesives
- Mold
- Fumes
- Runoff

\*\*\* Almost all these pollutants will be excluded from your general liability policy

## ▶ Common Pollution Limits

- 1,000,000 occurrence/ 2,000,000 aggregate
  - Up to **\$1M for each pollution event** Up to **\$2M total** for all claims during the policy term
- Cleanup/Remediation Costs
  - Covers Soil removal, water treatment, disposal, restoration
  - Often included in your main limits, but can be capped
    - Ex... \$1,000,000 policy with \$500k cleanup sublimit
- Transportation Pollution
  - Pollution caused while materials are being transported
  - Sublimit within the policy and often carries a lesser limit of 250k-500k
- Non-Owned Disposal Sites
  - Claims arising from waste taken to a landfill or disposal site
  - Frequently a sub-limit with your policy and not covered under the occurrence and aggregate
- Defense Costs
  - Defense inside the limits (legal costs reduce aggregate limit)
  - Defense outside the limits (preferred) this subtle wording in a policy gives you a ton more coverage!!

## ▶ **Why it matters to you.....**

- **The Reality of Aggregates Operations- Aggregate businesses may not handle chemicals every day, but operations regularly create pollution exposure:**
  - Stormwater runoff and sediment entering streams and wetlands
  - Fuel, oil, and hydraulic fluid leaks from heavy equipment
  - Dust and particulate emissions affecting nearby properties
  - Washout water and process runoff impacting soil and groundwater
- **Financial & Business Impact Without Coverage**
  - Cleanup costs paid directly by the business
  - Legal defense expenses
  - Regulatory fines and penalties
  - Project shutdowns and permit delays
  - Damage to reputation and client relationships

# Pollution Liability Case Study

## ▶ • Scenario

- A medium-sized aggregate quarry in Michigan operates near a drainage ditch that feeds into a nearby creek. After heavy spring rains, sediment-laden runoff from the quarry escapes containment controls and enters the waterway.
- **Claim allegations**
  - Retain Environmental consultants
  - Perform sediment removal and creek restoration
  - Test soil and water quality
  - Address third-party property damage claims from downstream landowners
- **Claim Outcome**
  - Environmental consultants & testing: \$45,000
  - Sediment removal & site restoration: \$120,000
  - Legal defense & regulatory response: \$60,000
  - Third-party property damage settlement: \$75,000
  - Total Claim Cost: \$300,000

## ▶ Umbrella liability

- Umbrella liability provides additional limits of protection that sit on top of your primary policies, including:
  - General Liability
  - Auto Liability
  - Employers Liability
  - Pollution liability
  - Professional liability
- It is designed to protect the business from large, catastrophic claims that exceed standard policy limits.



## ▶ Common Umbrella Limits

- 5,000,000 occurrence/ 5,000,000 aggregate
  - Umbrellas are only as useful as the policies they sit over
- They offer you increased limits for all policies that are underlying
- Ex... You have 1million occurrence and 2 million aggregate for your general liability but with your umbrella going over top of it you now have 6 million occurrence and 7 million aggregate
  - Key point: Your umbrella limits are not mutually exclusive and are shared between all your underlying policies
  - Once you use all your umbrella on your auto claim, you cannot use them anymore on a GI claim later that year.

## ▶ Why it matters to you.....

- **Claim Severity in Michigan is rising, and a single loss easily exhausts limits**
  - Medical costs and wage loss continue to increase
  - Jury awards for severe injuries are higher and less predictable
  - Lawsuits last longer and cost more to defend
- **Operations With heavy machinery use, trucking, and blasting**
  - All of these can easily cause catastrophic bodily injury or property damage claims
- **Contractual Requirements**
  - More municipalities, landowners, general contractors, etc.... are requiring increased umbrella liability limits every contract.
  - We are seeing request into the 10-million-dollar umbrella liability limits on a regular basis.
- **Financial & Business Impact Without Coverage**
  - These policies are a cost-effective way to protect your business at a fraction of the cost of raising primary limits on your GL, Auto, or Worker's Comp
  - Any claim exceeding your primary limits will cut off payment immediately and leave you with the bill. Think wrongful death, property damage, etc..

# Umbrella Liability Case Study

## ▶ • Scenario

- A mid-sized aggregate company operates a quarry and runs a fleet of dump trucks delivering material throughout Michigan. One company-owned truck is involved in a multi-vehicle accident on a state highway.

- **Incident**

- Dump truck fails to stop in time during congested traffic
- Multiple passenger vehicles are struck
- One driver suffers permanent spinal injuries
- Two others sustain serious fractures and long-term rehabilitation needs

- **Claim**

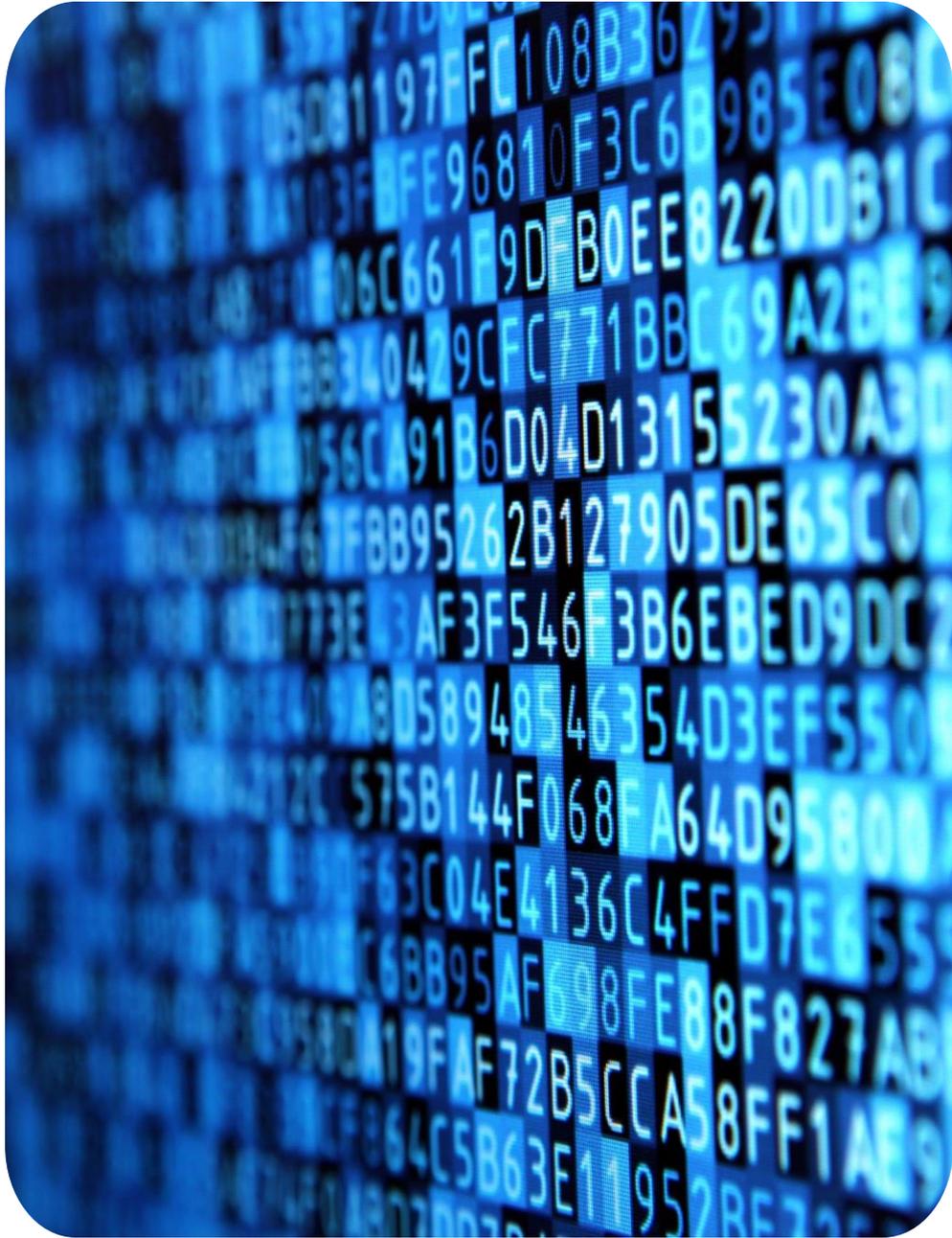
- Negligent operation of a commercial vehicle
- Inadequate safety controls and driver oversight
- Claims for medical expenses, lost wages, future care, and pain and suffering

- **Costs Breakdown**

- Medical expenses & future care: \$2,100,000
- Lost wages & economic damages: \$900,000
- Pain and suffering awards: \$1,500,000
- Legal defense costs: \$450,000
- **Total Claim Cost: \$4,950,000**

# Umbrella Liability Case Study Cont'd

- **Coverage Response**
  - Auto Liability limit: \$1,000,000 (exhausted)
  - General Liability: Not applicable
  - Umbrella Liability: Pays remaining \$3,950,000
  
- Without Umbrella coverage the company would be on the hook for almost \$4,000,000 in uncovered losses



## ▶ Cyber Liability

- Cyber liability insurance protects businesses from
  - financial losses, legal liability, and operational disruption caused by:
    - Data Breaches
    - Cyberattacks
    - Technology Failures
  - **Cyber risk is no longer an IT issue — it is a business survival issue.**

# ▶ Common Cyber Limits/Coverages

- **First Party Coverages (Your Costs)**
  - Data breach response (forensics, notifications, credit monitoring) Ransomware & cyber extortion payments and negotiation
  - Business interruption from system shutdowns
  - Data restoration and system repair
  - Crisis management & PR to protect reputation
- **Third Party Coverages (claims against you)**
  - Privacy liability for stolen or exposed data
  - Network security liability
  - Regulatory investigations and fines (where insurable)
  - Defense costs and settlements

## ▶ Why it matters to you.....

- **The Financial Reality of Cyber Claims**

- Breach response costs can easily exceed \$100,000 quickly
- Cyber Ransom demands commonly reach six figures
- Business interruption can cripple cash flow
- Legal defense and regulatory costs from private information leaks add significant expense

- **Your exposure to Cyber Threats**

- Almost all businesses have an online component that they are not thinking of that can cause claims
  - How many times a week does an employee receive an email phishing for their click?
    - That click can give a hacker access to your whole system
    - Locks you out of your systems then sends fake invoices to customers and clients and spreads the threat even further phishing them from your email..
  - Equipment with internet connectivity can be locked out of use
- **Most standard policies have little to no coverage for the full range of threats caused by a cyber attack**

# Cyber Liability Case Study

## ▶ • Scenario

- A mid-sized company operates a quarry and multiple trucking locations. The company uses a cloud-based accounting and dispatch system and stores employee, vendor, and customer information electronically.

## • Incident

- An accounting employee receives a phishing email appearing to be from a known materials vendor
- The employee clicks a link and enters login credentials
- Hackers gain access to the company's network and deploy ransomware overnight
- Dispatch, billing, payroll, and inventory systems are locked

## • The Impact

- Quarry operations slow due to dispatch outages
- Trucks cannot be routed or billed
- Payroll and vendor payments are delayed
- Sensitive employee and vendor data is exposed

# Cyber Liability Case Study Cont'd

- ▶ • **Cost Breakdown**

- IT forensics and system investigation: \$85,000
- Ransomware negotiation and payment: \$175,000
- Data restoration and system rebuild: \$140,000
- Business interruption (lost revenue): \$210,000
- Legal counsel, notification, and credit monitoring: \$90,000

**Total Claim Cost: \$700,000**

- **No coverage for any of this under general liability or property policies except with some level of cyber coverage**

**Trucordia**

**Questions?**





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▶ **Thank you!**

For your time and attention.

 **Trucordia**

