

TREE NUT THEFT – INSURANCE PERSPECTIVE

Presented by Guy Newman
Thursday, December 3, 2015

Emergency Tree Nut Theft Summit



We all now know why we're here today

Because.....

“ ___it Happens!”

A quick overview on:

I. The three main types of Theft

II. Insurance policy Limitations & Exclusions

III. How you can properly insure your Stock

I. Three main types of Theft:

- ❖ Theft by unknown individuals**
- ❖ Theft by employees**
- ❖ Theft by drivers using fraudulent documents**

Theft by Unknown Individuals

- ❖ **Stock is missing from a known location**
- ❖ **There is evidence of theft**
- ❖ **Proven that no employee was involved**

Standard Property and Stock policies typically cover these losses

Theft by Employees

- ❖ **Substantial evidence that an employee was involved somehow in the theft**
- ❖ **Either directly or indirectly (complicit)**

Definite issues with policy coverage

Theft by Drivers using Fraudulent Documents

❖ The act is defined as:

**“Voluntary Parting of Property”
or “Conversion”**

Definite issues with policy coverage

II. Insurance Policy Limitations & Exclusions

The valuation of stock at time of loss:

- **Actual Cash Value - Standard**
- **Market Value clause – Good!**
- **Selling Price or Contract Clause – Bad!
(Trumps market value if goods are sold)**

Insurance Policy Limitations & Exclusions

Theft of stock when an employee is involved

- **Excluded under Property & Stock forms!**

Insurance Policy Limitations & Exclusions

Theft by drivers using fraudulent documents

- Excluded within standard Theft coverage
- Defined various ways:
 - “Voluntary parting of property”
 - “Conversion”
 - “Fraud & Deceit”

III. How you can properly insure your Stock

Include Market Value provision in the policy

- **Policy will pay Market Value day of loss**
- **Market Value includes your labor & profit!**

How you can properly insure your Stock

Eliminate the Selling or Contract Price clause

- Hurts you when prices are on the rise
- No disadvantage when prices are falling
- Again, it trumps the Market Value clause

How you can properly insure your Stock

Purchase Crime (Employee Dishonesty)

- Insure on a blanket basis for money, securities, business property and stock
- Caution - Crime policies cover ACV only!
- Recommend \$1MM limit or higher

How you can properly insure your Stock

Purchase additional Fraud & Deceit coverage

- **Eliminates exclusion for Voluntary Parting of Property or Conversion**
- **Companies are only providing sublimits**
- **Underwriting requirements**

How you can properly insure your Stock

Secure a “custom” Stock Throughput policy

- **“Trees to the Seas” type coverage**
- **Offers broadest coverage, including:**
 - **Fraud & Deceit**
 - **Market value**
 - **Full limits on EQ and Flood**
 - **Errors in Processing**

Questions?

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