



# SHIELD SECURITY

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## THE 2004 INSURANCE PROGRAM OF SHIELD SECURITY, INC.

Shield Security maintains a comprehensive insurance program that is specialized for the private security guard industry. A summary of this program appears below. Please contact your Shield Security representative for complete details.

*There is a risk of miscommunication in this summarization of the various insurance policies. An insurance policy is a complicated legal document and no paraphrasing or summarization can accurately depict the coverages, exclusions and limits. Although Shield tries to maintain a stable insurance program from year to year, the insurance industry is dynamic and annual renewals may involve carrier changes, and coverage modifications.*

### Commercial General Liability

(Previously known as Comprehensive General Liability)

Coverages:

**Bodily Injury** for any person injured due to the negligence of Shield, but not including an employee of Shield. (Injury to an employee is covered by Worker's Compensation.)

**Property Damage** due to the negligence of Shield including loss by theft, *but not theft by an employee of Shield*. (Crime Insurance covers Theft by an employee of Shield.)

**Personal Injury** arising out of the negligence of Shield, including:

- a. False arrest
- b. Malicious prosecution
- c. Wrongful eviction, wrongful entry, invasion of the right of private occupancy on behalf of the property owner, landlord or lessor.
- d. Slander (verbal defamation) and libel (written defamation) of a person's or organization's goods, products or services.
- e. Oral or written publication that violates right to privacy
- f. Assault (threatening to harm) and battery (touching, laying hold, beating, wounding, in a hostile manner)

#### Special Endorsements

- a. Loss of keys in the care, custody and control of Shield
- b. Errors and omissions in the performance of Shield
- c. Property Damage – Broad Form
- d. Incidental Medical Malpractice

NOTE: "Professional Liability Insurance" is often sold as a separate policy for physicians, lawyers, etc. to protect them from errors or omissions in the pursuit of their professional practice. The ERRORS and OMISSIONS endorsement of Shield's General Liability Insurance is the counterpart to such coverage for a private security guard provider. So, Shield accepts the demand by a client to provide "professional liability" insurance.

When bound by a signed contract or agreement, a client of Shield is automatically covered under the policy as an added insured. In the absence of a contract, a client may be named as an added insured by endorsement. Certification of insurance, including named added insureds, is available without cost.

*Shield is not covered by any claim that arises from any warranty or guarantee, or any contract or agreement that indemnifies any person or organization for liability arising out of his or its sole negligence. Consequential damages and inventory shortages are not covered. The insurer has the duty to defend Shield and its added insured in any lawsuit seeking damages under any covered loss. The insurer has the option to investigate any claim and to settle any claim or lawsuit on terms in the best interest of the insurance company.*



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## Crime Insurance (Often referred to as “Bonding”)

Coverages:

Shield employee dishonesty, acting alone or in collusion with others, giving rise to loss of, and loss from damage to, covered property. Money, traveler’s checks, money orders, securities and property (property that is not money and securities) are insured.

Forgery or alteration involving checks, drafts, or promissory notes drawn by or drawn upon Shield.

Computer fraud covers theft of property directly related to the use of any computer to fraudulently cause a transfer of property.

A client may not be an added insured under Shield’s crime policy.

## Business-Auto Insurance

Limits of Insurance:

This policy covers Shield Security, Inc. owned, rented and leased vehicles, but does not include any vehicle not able to be licensed for public roads. Golf carts, for example, are not able to be licensed for the road and are not covered under an auto policy. Golf carts are covered under Shield’s commercial general liability policy by special endorsement. Client-owned vehicles are not covered under Shield’s auto insurance. The client’s auto insurance covers its owned, rented or leased vehicles, including persons that the client *allows* to drive its vehicles (called “permissive use”). Auto insurance follows the vehicle, not the driver.

A client may be an added insured under Shield’s auto insurance at no added cost.

## Workers Compensation and Employer’s Liability

Insurance is required by the laws of the State of California as is fully set forth in the California Labor Code. The cost of a policy is determined by an experience modification (ex-mod) factor that is applied as a percentage of straight-time labor for a specific type of work. There is no dollar limit to the coverage for an injured employee.

A client may request a “waiver of subrogation” under Shield’s workers’ compensation insurance policy. This means that Shield and its insurer waive the right to demand reimbursement for the cost of injury or illness arising from the fault or negligence of the client. The cost to Shield of such waiver is 5% of the policy cost for the client’s guards.

Employers’ Liability insures Shield against damages for which Shield is liable to a third party by reason of a claim or suit against Shield by that third party to recover the damages claimed against such third party as a result of injury to Shield’s employee. This is a rare type of claim where, for example, the injury prevented Shield’s employee from caring for or providing services to the third party, or for the consequential bodily injury to a spouse, child, parent, brother or sister of the injured employee.

## Excess Insurance Coverage

Excess Insurance or “per project” insurance provides a higher level of liability insurance for a specific client or job location. It is a policy that covers the cost of a claim that exceeds the payout limit of an underlying general liability policy. If a client requires a \$2,000,000 liability limit, Shield must purchase an excess policy in the amount of \$1,000,000, which, added to our underlying \$1,000,000 policy, would equal \$2,000,000. Excess amounts of \$2 to \$10 million have been provided.

The price of excess insurance is custom-bid by the excess insurer after reviewing the “risk” associated with the specific job. Risk is judged by the type of business being protected, the duties of the guards, the labor hours and pay rate of the guards, and the client’s rationale for needing the extra coverage. Excess insurance is paid in full at the time of inception and provides no refund if the job is stopped prior to the end of the policy period. There is usually a minimum policy cost, even for accounts with limited service hour assignments.