
Contents

1	<i>Fundamentals of Underwriting</i>	1	4	<i>Financial Analysis</i>	109
	The Purpose of Underwriting	2		Financial Statements	110
	Underwriting Activities	3		Financial Statement Analysis	119
	Establishing Underwriting Policy	15		Ratio Analysis	127
	Implementing Underwriting Policy	19		Summary	139
	The Underwriting Process	32			
	Summary	38	5	<i>Pricing the Insurance Product</i>	141
2	<i>Underwriting the Commercial Organization</i>	41		The Law of Large Numbers	142
	Types of Business Ownership	42		Constraints on Insurance Pricing	147
	Who Should Be an Insured?	50		The Rating Process	154
	Underwriting the Management of the Organization	62		Individual Rating Plans	157
	Underwriting and Employment Relationships	66		Composite Rating	165
	Underwriting and the Insured's Business Category	73		Summary	166
	Summary	76		<i>Index</i>	169
3	<i>Underwriting Information</i>	79			
	Determining How Much Information To Gather	80			
	Initial Sources of Underwriting Information	82			
	Additional Sources of Underwriting Information	88			
	Summary	105			

Contents

1	Construction	1	3	Protection and External Exposure	73
	Fire Resistance and Flame Spread	2		Elements of Fire Protection	73
	Components of Structural Strength	5		Public Fire Protection Systems	75
	Building Construction Classifications	7		Private Fire Prevention Systems	80
	Construction Design	15		Private Fire Detection Systems	85
	Construction Materials	23		Private Suppression Systems	91
	Age	27		External Exposure	107
	Sources of Construction Information	30		Summary	116
	Summary	35			
2	Occupancy	37	4	Underwriting Direct Exposures: Introduction and Fire	119
	Occupancy Hazards Rating	37		Policy Provisions Affecting the Amount of Loss	120
	Common and Special Hazards	42		Analyzing the Management and Financial Condition of a Business	132
	Occupancy Hazards Grouped by Major Categories	43		Fire as a Covered Cause of Loss	133
	Hazards of Representative Occupancy Classes	65		Oxygen for Fires	147
	Summary	71		The Spread and Extent of Fire	149
				Summary	158

5	<i>Underwriting Direct Exposures: Other Causes of Loss</i>	159
	Lightning	160
	Windstorm	161
	Hail	180
	Riot and Civil Commotion	183
	Sinkhole Collapse	184
	Volcanic Action	185
	Weight of Ice, Snow, or Sleet	187
	Flood	188
	Earthquake	191
	Explosion	199
	Vandalism and Malicious Mischief	208
	Sprinkler Leakage	209
	Water Damage	210
	Collapse	211
	Summary	212
6	<i>Indirect Loss Underwriting</i>	217
	Indirect Loss Exposures	217
	Business Income Coverage	224
	Other Time Element Coverages	251
	Consequential Loss Coverages	258
	Summary	261

7	<i>Commercial Crime Insurance</i>	263
	Employee Dishonesty	265
	Crimes Committed by Others	273
	Computer Crime	287
	Summary	292
8	<i>Other Property and Package Policies</i>	295
	Inland Marine Insurance	295
	Boiler and Machinery Insurance	330
	Glass Insurance	332
	Package Policy Underwriting	333
	Summary	337
	<i>Index</i>	339