

What is 'inland marine' and why is it so important?

The AAIS Inland Marine Guide

Policy forms, rating procedures, and
underwriting guidelines for profitable classes
of commercial property insurance





■ What is “inland marine”?

If you have only a hazy idea of what “inland marine” insurance is, you’re not alone. But the rewards can be great for those who understand and capitalize on the unique opportunities in this market.

Inland marine has consistently been one of the most profitable lines of commercial insurance. Through prolonged soft markets, inland marine has been one line where carriers could achieve an underwriting profit. While inland marine coverage may produce a small percentage of account premium, it can provide a much larger share of your margin.

To achieve those benefits, however, you need resources and methods to underwrite and price this type of coverage separately from other commercial property coverage.

■ The nature of the line

“Inland marine” generally refers to property insurance for risks related to construction, transportation, or communication, as well as for certain unique risks, such as fine arts collections. A common characteristic of inland marine risks is that they are more subject to change than other property risks.

To illustrate by contrast, standard commercial property policies are written to insure buildings and personal property that are in the same location and essentially the same condition over time. For example, a frame structure in an area with substandard fire protection remains in that condition day after day.

Contrast that with the types of risks insured by the inland marine construction classes: Builders’ Risk, Contractors’ Equipment, and Installation Floaters. A backhoe operating on dry, flat ground one day could be operating on a slippery slope the next. A building under construction is in a different stage of completion at the conclusion of a day’s work than when work started in the morning.

Change also characterizes other inland marine exposures, such as electronic data processing, a form of intangible property that is constantly in flux.

Still other classes of inland marine insurance provide coverage for valuable property—such as tools and fine arts—that moves about easily, or “floats.” Hence, they are insured by inland marine policies known as “floaters” that typically offer coverage broader than that provided in other property forms.

Although classified as property insurance, some of the most important inland marine classes—bailee coverage, motor truck cargo, and warehouse liability—technically provide liability coverage.

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And, while generally associated with transportation, inland marine insurance includes coverage for some of the largest structures in the world: bridges, dams, transmission towers, and other structures categorized as “instrumentalities of transportation and communication.”

■ The AAIS *Inland Marine Guide*

The *Inland Marine Guide*, developed and maintained by AAIS, provides key resources for writing special property coverages efficiently and effectively.

The *Guide* is perhaps the oldest and most respected resource of standardized policy forms, rating procedures, and underwriting guidelines for numerous “classes” of inland marine insurance, including:

Construction	Builders’ Risk, Contractors Combination, Contractors’ Equipment, Installation Floaters, Riggers’ Liability
Electronic Data Processing	Coverage for hardware, software, mainframes, PCs, and websites
“Floaters”	Bailee, Exhibition, Processing Risks, Sales Representatives’ Samples, Scheduled Property, Mobile Equipment
Legal Liability	Motor Truck Cargo, Warehouse Operators, Bailees’ Customers
Communications	Radio and TV Towers and Equipment
Transit	Transportation, Trip Transit, Owner’s Cargo
Watercraft	Yachts
Other	Difference in Conditions

More than 300 property insurers of all sizes use the *Inland Marine Guide*, including AIG, Liberty Mutual, Mitsui Sumitomo, Tokio Marine & Nichido Fire, Zurich, and scores of regional and specialty carriers in the U.S.

Most of these companies use the *Guide* as the basis of their own inland marine products; others use it as a reference for developing proprietary products.

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■ What you get in the Guide

When you subscribe to the *Inland Marine Guide* through the *AAISdirect* Internet service, here’s what you get:

- More than 200 policy forms and endorsements that can be written on a stand-alone basis or incorporated into commercial packages.
- Side-by-side comparisons of alternative coverage forms in key classes, allowing brokers and underwriters to distinguish quickly among policy options.
- Thorough explanations of the forms in each class, addressing property covered, property not covered, additional (or supplemental) coverages, valuation of insured property, coinsurance, and more.
- Underwriting guidelines for risk selection, hazards, optional coverages, and loss control.
- Sample rating procedures with detailed guidelines for selecting loads (base rates) and factors for modifying loads for individual risk characteristics.
- Automated online rating worksheets for systematically developing and documenting policy premium.



■ Why should you consider the *Guide*?

The AAIS *Inland Marine Guide* provides ready-made resources for writing and rating special property risks that are often not covered or rated appropriately under forms and rating plans developed for other types of risks.

The resources provided in the *Guide* help carriers respond quickly to requests for coverage for unique exposures, and to avoid the coverage gaps, overlapping coverages, and unintended exposures that can result from hasty attempts to “cut and paste” policy provisions.

As stated on the previous page, more than 300 insurers, including some of the world’s largest and most reputable carriers, use the AAIS *Inland Marine Guide*.

Isn’t it time you considered this opportunity to offer more coverage to your accounts and reap the benefits of one of the most profitable areas of insurance?

To learn more about how you can access the *Guide*, contact Rick Maka, AAIS director of marketing, at 800-564-AAIS, or send an e-mail message to rickm@AAISonline.com.

Once you’ve seen the *Guide* on *AAISdirect*, you’ll never think of your special property coverages the same way again.

INLAND MARINE: WHAT IS IT? WHY DOES IT MATTER?

Go to www.AAISonline.com to hear a conversation with **Robert Guevara**, AAIS vice president of inland marine, on how an effective inland marine operation can help companies anywhere enhance their profitability.



To learn more about how you can access product resources in the AAIS *Inland Marine Guide*, contact Rick Maka, AAIS director of marketing, at rickm@AAISonline.com or by calling 800-564-AAIS.

