

risk management MATTERS

A Risk Management Newsletter for NTCA Members

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Join us for the RTIME Meeting & Expo February 3-6, 2013 Orlando, FL

It's an exciting time in our industry and this combined meeting is proof of that. Because we know you have a busy schedule, we thought we'd let you know where we're going to be during the meeting so that we can connect. We hope we'll get "to visit" at one or all of these events:

Sunday, February 3rd: Telcom Insurance Group is a sponsor of the **Super Bowl party** immediately following the Welcome Reception. Kick-off is at 6:30p...just like for the big game. There will be tons of prizes, food and beverages, and a general all-around good time that you will not want to miss.

Monday, February 4th: Bright and early from 7a-8a our Policyholders, Board, and Shareholders are invited to join us for a special "Thank You" **breakfast**. It is invitation only and you must respond to the invitation that you received by Jan. 18th so that we can have enough food and fabulous goodies for everyone. Contact Marilyn at MAB@telcominsgrp.com, if you have questions. (*Swan Ballroom 5B-10*)

Tuesday, February 5: TIG's Board of Directors meets from 8am-11am (*Dolphin-Europe 9*) and the Expo opens.

We're at **booth #215/217**. We'd love to say "hi" and visit with you. We're promoting our Annual Risk Management Conference, which will be June 23-25 in Vegas...so, there could be some gambling-themed activities going on at our booth.

Exact locations and times are subject to modification. So, please be sure to check out the program when you arrive for the specifics. We look forward to this opportunity to see so many of our Telcom family members and to get acquainted with some new ones too.

Safe travels to sunny Orlando.

Presidential Matters

By Peter J. Elliott, CPCU

The start of another year, and I am filled with optimistic thoughts about what the Telcom Insurance Group will accomplish. I believe that we will help even more telecommunications companies than ever over the next 12 months with insurance and risk management solutions. We will offer sound counsel and options that no one else can provide. In general, I am a positive person but my enthusiasm about what lies ahead in 2013, and the positive impact the Telcom Insurance Group will have on National Telecommunications Association (NTCA) Members is based on what has happened over the past few years in the insurance industry. In this article, I will share with you a recap of the changes that have been happening, what we have been doing to mitigate any negative fallout from the shift occurring in the insurance industry, and a recap of our results from 2012 which feed my optimistic outlook.

The insurance market for consumers is judged or categorized by availability and affordability of insurance coverage. Before I provide a little history, let me say that in the last twelve months, we have seen the rates and premiums for telecommunications businesses that are not insured with us, increasing. In some cases, we have seen NTCA Members have their insurance non-renewed. Why is this happening? A little history and background on availability and affordability should help. Coverage has to be available to be purchased. Really, has it ever not been available? The answer in general terms is "yes". In the worst of times, for both the insurance industry from a profitability standpoint and the US economy, it is very possible that insurers will not offer coverage to certain types of businesses. The reality is that the last time this happened with any level of consistency was in the late 1980's when specifically product liability insurance

was non-existent due to a spike in claims due to products claims that were being found in favor of the claimants. The result of the availability crisis was government intervention and in 1986 the passing of the Federal Liability Risk Retention Act of 1986. This Act created a vehicle to make insurance available. Since the 1980's, there have been challenges for certain industry groups in finding coverage but nothing like the product liability crisis. The second part of how the insurance market is judged, affordability, has been a little more turbulent that unavailable. Rate and premiums are in a constant state of change from one year to the next. For the most part, changes decrease or increase a few percent leading to what would be called a stable marketplace and that is a common status for the insurance industry. When the rate increase or decrease reaches plus or minus 5%, the market is hardening or softening and plus or minus rate changes in the double digit range is a hard or soft market, for sure. According to MarketScout, who performs a monthly survey of consumer rate changes, over the last 5 years in November the rate change to consumers was -2012 +5%, 2011 +1%, 2010 -5%, 2009 -4% and 2008 -9%. As a point of reference, the largest increase and decreases in available data from any one month are July 2002 at +33% and December 2007 at -16%. Keep in mind that this survey is from all types of businesses in all geographic areas. That means certain industry groups and areas of the country saw better or worse changes in rates. The 2012, changes in rate and premium for telecommunications providers have not been consistent, but there was enough movement that the Telcom Insurance Group wrote a record amount of new business this year.

What has driven our new business insured success in 2012? There are a bunch of answers

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I believe that we will help even more telecommunications companies than ever over the next 12 months with insurance and risk management solutions

Presidential Matters

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to this. The simplest answer is that we have an exclusive program for NTCA Members, and the claims or loss results of the group, which have been good, insulate Members from rate swings that even other insurers who write telecommunication companies will not be able to adhere to. Another reason is that the ownership of the Telcom Insurance Group is comprised of 39 telecommunications companies and the NTCA, and we were formed to serve the group. This differs from any public or privately held company where investors expect a rate-of-return or they will divest of the stock. The concept of owning stock as an investment is not bad, and that is not the point of my comment, but rather the point is to show the uniqueness of the Telcom Insurance Group ownership that accepts lower returns in years when required so that our team can work more financially lean so insureds do not see large increases in rate. I should, also, point out that our Shareholders have not invested at a loss and that they have seen appreciation in the value of stock consistently, which means even though they are not requiring a return it is still happening. Finally in 2012, we saw a huge shift in the attitude of the insurance buyer we were dealing with. The focus has shifted from price to overall service, care, and product. Rate and premium may be taking a seat because of the consistency that we offer from year to year in price, but I also believe that the service, care and products we offer have placed in a different class than anyone else providing insurance and risk management services to the telecommunications industry. Competition is natural when multiple providers offer the same things, but in 2012 the response from many new and existing customers tells us that we are unique and we are not competing against anyone else with the way we do our business. For all of these reasons, 2012 was a successful year!

Speaking of success with regard to your insurance company, National Telcom Corporation, I am pleased to report that our initial year-end 2012 financial results show a solid company that is financially strong and on target to meet its budgeted financial goals for the year. The results and strength come from the fact that business is transacted efficiently, but they reflect on the quality of relationship with customers that lead to long-standing partnerships. Efficient operations means helping our insureds manage the proper combination of risk and insurance held in a

portfolio that allows them to spend their money on covering areas of exposure that concern them most generating favorable economic results. Customers become family and part of a community environment where the group shares ownership and exclusive of control of the Telcom Insurance Group with peers. These things create the foundation of a strong and healthy business.

As of year-end, 253 insureds, or stated in another manner over 2500 insured companies, which is approximately 43.6% of the total National Telecommunications Cooperative Association membership, placed coverage through the Telcom Insurance Group because of our expertise in exposure recognition, loss minimization, coverage solutions, and claims assistance. This is a true testament to the way business is conducted, which is professionally but with a personal touch driven by a sincere care for those protected.

The Telcom Staff and I are extremely grateful for the opportunity to care for the Members of the NTCA. Your trust is appreciated. Any feedback on how we might improve our partnerships with you are welcomed because it helps the company continue to develop and grow. It is very clear to all of us that where you insure your telecommunications business has *always been a matter of trust*, and the Staff and I seek to earn that trust each year.

In 2013, I hope to meet many of you at NTCA events, Statewide meetings, and on personal visits to your offices, where we can discuss the true meaning of an insurance partnership. The Telcom Insurance Group has a proud history and legacy that continues to grow and deepen. Thank you for your support and making this possible.

Vaccine Information Statement-CDC

Live, Intranasal Influenza Vaccine: What You Need to Know 2012 - 2013

It has already been a very bad cold/flu season in most every state in the US. Therefore, we thought we would share this vital information that comes directly from the CDC.

Why get vaccinated?

Influenza (“flu”) is a contagious disease. It is caused by the influenza virus, which can be spread by coughing, sneezing, or nasal secretions.

Anyone can get influenza, but rates of infection are highest among children. For most people, symptoms last only a few days. They include:

- fever/chills
- sore throat
- fatigue
- cough
- headache
- muscle aches
- runny or stuffy nose

Other illnesses can have the same symptoms and are often mistaken for influenza.

Young children, people 65 and older, pregnant women, and people with certain health conditions – such as heart, lung or kidney disease or a weakened immune system – can get much sicker. Flu can cause high fever and pneumonia, and make existing medical conditions worse. It can cause diarrhea and seizures in children. Each year thousands of people die from influenza and even more require hospitalization.

By getting flu vaccine you can protect yourself from influenza and may also avoid spreading influenza to others.

Live, attenuated influenza vaccine - LAIV (nasal spray)

There are two types of influenza vaccine:

1. **Live, attenuated** influenza vaccine (LAIV) contains live but attenuated (weakened) influenza virus. It is sprayed into the nostrils.
2. **Inactivated** (killed) influenza vaccine, the “flu shot,” is given by injection with a needle. *This vaccine is described in a separate Vaccine Information Statement.*

Influenza viruses are always changing, so annual vaccination is recommended. Each year scientists try to match the viruses in the vaccine to those most likely to cause flu that year. Flu vaccine will not prevent disease from other viruses, including flu viruses not contained in the vaccine.

It takes up to 2 weeks for protection to develop after the vaccination. Protection lasts about a year.

LAIV does not contain thimerosal or other preservatives.

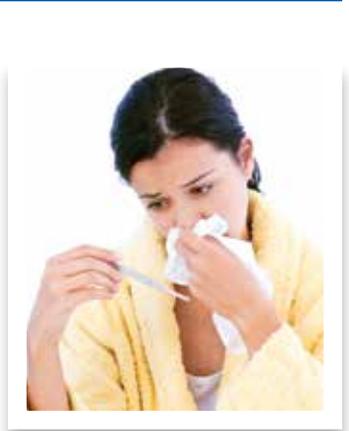
Who can receive LAIV?

LAIV is recommended for healthy people **2 through 49 years of age**, who are not pregnant and do not have certain health conditions (see #4, below).

Some people should not receive LAIV

LAIV is not recommended for everyone. The following people should get the inactivated vaccine (flu shot) instead:

- Adults 50 years of age and older or children from 6 through 23 months of age. (Children younger than 6 months should not get either influenza vaccine.)



Vaccine Information

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- Children younger than 5 years with asthma or one or more episodes of wheezing within the past year.
- Pregnant women
- People who have long-term health problems with:
 - heart disease
 - kidney or liver disease
 - lung disease
 - metabolic disease, such as diabetes
 - asthma
 - anemia, and other blood disorders
- Anyone with certain muscle or nerve disorders (such as seizure disorders or cerebral palsy) that can lead to breathing or swallowing problems.
- Anyone with a weakened immune system.
- Anyone in close contact with someone whose immune system is so weak they require care in a protected environment (such as a bone marrow transplant unit). *Close contacts of other people with a weakened immune system (such as those with HIV) may receive LAIV. Healthcare personnel in neonatal intensive care units or oncology clinics may receive LAIV.*
- Children or adolescents on long-term aspirin treatment.

Tell your doctor if you have any severe (life-threatening) allergies, including a severe allergy to eggs. A severe allergy to any vaccine component may be a reason not to get the vaccine. Allergic reactions to influenza vaccine are rare.

Tell your doctor if you ever had a severe reaction after a dose of influenza vaccine.

Tell your doctor if you ever had Guillain-Barré Syndrome (a severe paralytic illness, also called GBS). Your doctor will help you decide whether the vaccine is recommended for you.

Tell your doctor if you have gotten any other vaccines in the past 4 weeks.

Anyone with a nasal condition serious enough to make breathing difficult, such as a very stuffy nose, should get the flu shot instead.

People who are moderately or severely ill should usually wait until they recover before getting flu vaccine. If you are ill, talk to your doctor about whether to reschedule the vaccination. People with a mild illness can usually get the vaccine.

When should I receive influenza vaccine?

Get the vaccine as soon as it is available. This should provide protection if the flu season comes early. You can get the vaccine as long as illness is occurring in your community.

Influenza can occur at any time, but most influenza occurs from October through May. In recent seasons, most infections have occurred in January and February. Getting vaccinated in December, or even later, will still be beneficial in most years.

Adults and older children need one dose of influenza vaccine each year. But some children younger than 9 years of age need two doses to be protected. Ask your doctor.

Influenza vaccine may be given at the same time as other vaccines.

What are the risks from LAIV?

A vaccine, like any medicine, could possibly cause serious problems, such as severe allergic reactions. The risk of a vaccine causing serious harm, or death, is extremely small.

Live influenza vaccine viruses very rarely spread from person to person. Even if they do, they are not likely to cause illness.

LAIV is made from weakened virus and does not cause influenza. The vaccine can cause mild symptoms in people who get it (see below).

Influenza can occur at any time, but most influenza occurs from October through May

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Vaccine Information

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Mild problems:

Some children and adolescents 2-17 years of age have reported:

- runny nose, nasal congestion or cough
- fever
- headache and muscle aches
- wheezing
- abdominal pain or occasional vomiting or diarrhea

Some adults 18-49 years of age have reported:

- runny nose or nasal congestion
- sore throat
- cough, chills, tiredness/weakness
- headache

Severe problems:

- Life-threatening allergic reactions from vaccines are very rare. If they do occur, it is usually within a few minutes to a few hours after the vaccination.
- If rare reactions occur with any product, they may not be identified until thousands, or millions, of people have used it. Millions of doses of LAIV have been distributed since it was licensed, and the vaccine has not been associated with any serious problems.

The safety of vaccines is always being monitored. For more information, visit:

www.cdc.gov/vaccinesafety/Vaccine_Monitoring/Index.html and www.cdc.gov/vaccinesafety/Activities/Activities_Index.html

What if there is a severe reaction?

What should I look for?

Any unusual condition, such as a high fever or behavior changes. Signs of a severe allergic reaction can include difficulty breathing, hoarseness or wheezing, hives, paleness, weakness, a fast heart beat or dizziness.

What should I do?

- Call a doctor, or get the person to a doctor right away.
- Tell the doctor what happened, the date and time it happened, and when the vaccination was given.
- Ask your doctor to report the reaction by filing a Vaccine Adverse Event Reporting System (VAERS) form. Or you can file this report through the VAERS website at www.vaers.hhs.gov, or by calling **1-800-822-7967**.

VAERS does not provide medical advice.

The National Vaccine Injury Compensation Program

The National Vaccine Injury Compensation Program (VICP) was created in 1986.

People who believe they may have been injured by a vaccine can learn about the program and about filing a claim by calling **1-800-338-2382**, or visiting the VICP website at www.hrsa.gov/vaccinecompensation.

How can I learn more?

- Ask your doctor. They can give you the vaccine package insert or suggest other sources of information.
- Call your local or state health department.
- Contact the Centers for Disease Control and Prevention (CDC):
 - Call **1-800-232-4636 (1-800-CDC-INFO)** or
 - Visit CDC's website at www.cdc.gov/flu

Vaccine Information Statement (Interim)
Live, Attenuated Influenza Vaccine (7/2/2012)
42 U.S.C. §300aa-26

Department of Health and Human Services
Centers for Disease Control and Prevention

Ask your
doctor

Human Resources Matters

By Marilyn A. Blake, AU, CRM

It's Time to Post the OSHA 300A Log Summary (February-April)

The Occupational Safety & Health Administration (OSHA) is an agency of the Department of Labor, and the Act was signed into law by Richard Nixon on 12/29/70. Its sole responsibility is to provide workers safety and health protection while on the job. OSHA applies to all private-sector employers/employees in the 50 states and all territories and jurisdictions under federal authority that have 10 or more employees or are in a high hazard job category. Telecommunications is considered high hazard. It does NOT cover: self employed, immediate members of farming families, or state/federal employees. OSHA's mission is to send every worker home whole and healthy each day by providing safety and health information, training, and assistance to workers and employees.

The OSHA requirement of recordkeeping includes the OSHA 300 log, 301 incident report, and 300a Summary sheet of the log.

Some key components of the 300 log are:

- It is for a specific calendar year (January to December regardless of your fiscal year)
- Injuries/illnesses must be recorded, once you are made aware, within 7 calendar days of the incident
- If the situation changes from the original recorded information, draw a line through the original entry and check off new information as appropriate
- There is a 180 calendar day "cap" on each individual injury/illness (includes weekends and holidays not just work days. It does not include the day of the injury)
- The Employer must keep the 300 log for 5 years following the year to which it pertains

- Recordkeeping should be done for each work site; contact your state specifically for definition of work site
- Do not send the completed forms to OSHA unless requested to do so
- The **300A Summary** must be posted from Feb. 1-April 30 in a conspicuous place
 - Totals of all categories
 - SIC Code: Telephone Communications=481
 - NAICS: 517---
 - Total the number of employees and total hours worked (include part-time, seasonal, temporary)
 - Must be certified/signed by a company executive/officer/general manager

Have questions?

OSHA has a "frequently asked questions" section at their website, www.osha.gov that you can use to find an answer to most of your questions. Or, if you have questions, please contact Marilyn Blake at 301-220-1085 and I'll be happy to help in any way that I can.

NTCA's OSHA 10-Hour Certification Class

This is just one of the topics that will be addressed when we host the 2013 NTCA OSHA 10-Hour Certification Class in Atlanta, GA on May 22-23, 2013—right after the HR Conference. Watch for more details to come.



The 300A Summary must be posted from Feb. 1-April 30 in a conspicuous place

Safety Matters

By Tina M. Wynter

From MSDS to SDS – GHS Brings Big Changes to Safety Data Sheets in HazCom 2012

For decades, the Material Safety Data Sheet (MSDS) has been the backbone of the Occupational Safety and Health's Administration's Hazard Communication Standard (OSHA's HCS). In 2012, the HCS was revised by OSHA to align with the Globally Harmonized System of Classification and Labeling of Chemicals (GHS), the result of which included substantial changes to the MSDS.

What is MSDS?

MSDS's are documents, normally many pages long that travel with or ahead of hazardous chemical shipments warning users of the specific dangers of such products and guidance on their safe handling, storage, and disposal. Evaluating chemical hazards and producing MSDS's and labels for downstream users are two of the key responsibilities chemical manufacturers and distributors have under the HCS.

Maintaining an MSDS for every hazardous chemical and making them available to employees as part of the HCS's Right-to-Know provisions – which says employees have the right to know about chemicals in which they are exposed – is one of the five key responsibilities employers have under the HCS. The other four key responsibilities employers have are:

- 1) Maintaining a hazard communication program detailing the plans in place for the safe handling of chemicals
- 2) Maintaining a written chemical inventory of every hazard chemical in the facility in which employees are exposed
- 3) Maintaining proper labels and warning signs associated with said chemicals
- 4) Training employees on chemical hazards and necessary precaution

An SDS is an MSDS

Based on the MSDS provisions in HazCom 1994, there are currently a number of different MSDS styles and formats in use in the United States, the most common being the 8 section OSHA MSDS and the 16 section ANSI standard MSDS. OSHA's adoption of GSH mandates the use of a single GHS format for Safety Data Sheets (SDS), a format that features 16 sections in a strict order.

The 16 sections are as follows:

- Section 1** Identification;
- Section 2** Hazard(s) identification;
- Section 3** Composition/information on ingredients;
- Section 4** First-aid measures;
- Section 5** Fire-fighting measures;
- Section 6** Accidental release measures;
- Section 7** Handling and storage;
- Section 8** Exposure controls/personal protection;
- Section 9** Physical and chemical properties;
- Section 10** Stability and reactivity;
- Section 11** Toxicological information;
- Section 12*** Ecological information;
- Section 13*** Disposal considerations;
- Section 14*** Transport information;
- Section 15*** Regulatory information;
- Section 16** Other information.

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Safety Matters

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*Note – Since other Agencies regulate this information, OSHA will not be enforcing Sections 12 – 15 (29CFR 1910.1200(g)(2))

(Go to http://www.osha.gov/Publications/HazComm_QuickCard_SafetyData.html for more detailed information on each Section)

How to Manage the Transition to HazCom 2012

The bulk of the responsibilities during the transition to GHS belongs to the chemical manufacturers and distributors. However, employers have a few key obligations related to SDSs that they will need to stay on top of. The good news is that with a solid strategy in place, employers should be able to not only maintain compliance, but also make considerable improvements to their HazCom Programs.

The first thing employers should do is make sure they understand the four key compliance deadlines:

- 1) **December 1, 2013** – By this date, employers must train employees on how to read GHS formatted labels and SDSs. Changes to labels are probably more substantial; however, employees need to understand where to find information on the SDS, especially in Section 2, where critical hazard information is located.
- 2) **June 1, 2015** – By this date, chemical manufacturers and distributors should have completed their reclassification of chemicals and be shipping GHS formatted SDSs and labels with their shipments. By this date too, a majority of your library will have turned over.
- 3) **December 1, 2015** – Distributors have an additional 6 months beyond the June 1, 2015 date to pass along manufacturer labels and SDSs in the older formats, however, beyond December 1, 2015, all SDSs and labels in the US should adhere to HazCom 2012 provisions.

- 4) **June 1, 2016** – By this date employers should be fully compliant with HazCom 2012. That includes making any necessary updates to their HazCom program, training employees on any newly identified chemical hazards (identification of new hazards is likely during the reclassification process chemicals manufacturers undertake), and updating SDS libraries and secondary labels.

To comply, it will help if you have a system in place for catching new changes to SDSs. For example:

- 1) Have a designated employee in charge of the transition to GHS
- 2) Make sure your employees, especially those on the front lines in procurement and the loading dock are on the lookout for updated SDSs
- 3) When a new SDS comes in, have a system in place for comparing it to the earlier version, making note of any relevant changes
- 4) Plan/execute training
- 5) Update your library and archive old MSDS

Going forward, whether called an MSDS or an SDS, safety data sheets will continue to be the back-bone of HazCom compliance. What you do now to prepare for the document churn will likely set the table for success or frustration over the next several years. Big changes are coming, but that doesn't mean it has to be a big problem.

Additional Information

For more information about the HazCom changes, please visit www.OSHA.gov.



Claims Matters

By Cheri L. Condee, AU

Copper Theft... On the Rise, Again!

In a New York Times article (February 7, 2011), the following statements were made:

- “We believe this is a national security issue,” said Bryan Jacobs, executive director of the Coalition Against Copper Theft, an advocacy group in Washington that includes telecommunications firms, power companies, and railroads.
- “If you watch the price of copper, you notice a correlation between the price and the rate of theft,” said Lynne Monaco, security director for Frontier Communications, which has seen an increase in thefts of its power and broadband lines in the states it serves.
- The F.B.I. has said it considers theft of copper wire to be a threat to the nation’s baseline ability to function. The agency said it was planning to update a 2008 report that called the crime a threat to the nation’s “critical infrastructure.”

From densely populated areas to the most rural areas, no place is safe from copper thieves and any company that has experienced a copper theft or attempted theft, understands this truth. The following are actual claims that have been reported, in the recent past, by Telcom Insureds relating to copper thefts.

Cost: \$12,335; (One incident)

Insured stated that this is the second time cable has been stolen from this site. The first time was earlier in the year. Apparently the thieves did not break or cut the fence, which is approximately 10’ high with barb wire on the top of it. The thieves entered by either digging under the fence or going over it. Then they fed the wire through the chain link fence and pulled it off the huge wheel it comes on.

Cost: \$26,151 (Multiple hits and mainly tower locations)

The insured discovered that 3 towers sites, located close to each other, had been vandalized, likely, on the same day. They started experiencing trouble from a tower site and when a technician when out to look at the generator, (believing that to be the cause of the problem) he discovered that the copper wires had been vandalized.

Cost: estimated at \$27,000 (Ariel cable)

Insured stated that the thieves attempted to pull the copper wire off the poles after cutting it in several places. They were unsuccessful in doing this because of the loops that keep the wire in place. However, because they cut the wire it had to be restrung and connected back to the splice point.

The dollar amounts cannot always be calculated by the amount that an insurance claim pays, because of your time and that of your employees as well as potentially the downtime by your customers. At Telcom, we want to make it as uncomplicated as possible when you do have a loss that entails copper theft, or for that matter, any other type of property claim. There are a few steps that you can follow before/during/after a loss that will help you and your insurance company in the claims process.

- File the notice of loss, as soon as possible, the faster the insurance company can began the adjusting process, the better for you
- When you use the loss notice form, supply a contact name and phone number for the insurance company representative to contact for details and/or questions



The F.B.I. has said it considers theft of copper wire to be a threat to the nation’s baseline ability to function

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Underwriting Matters

By Susan L. Flanders, AU, CISR

What's the Value of Your Property Before a Loss and How Much Will it Cost You to Replace it After a Loss? Replacement Cost versus Actual Cash Value

Many people mistakenly believe that insurance will always put them back “whole” to the same as they were before a loss. Definitely, this is one option for some forms of property, but unfortunately, not everyone has chosen this option...and some don't even know it. Insurance is purchased to protect against major losses. However, many insureds could still have substantial losses after receiving payment from the insurance company because the typical payment may only cover the depreciated value of the property and not the cost to replace it. In these cases the insured may have to replace the property for substantially more cost than what they received in an insurance settlement.

Who determines the value of replacing your lost/damaged property? Well actually you do, with the help of an agent who understands your business, when you choose a method of valuation of your property. Replacement Cost is defined as the cost to repair or replace damaged property with like, kind and quality, (less deductions for wear, tear and deterioration) Actual Cash Value (ACV) is calculated by estimating the replacement value of an item, then subtracting the depreciation. Depreciation is the amount an item has lessened in value since it was purchased, taking into account age, wear and tear and market conditions. The only difference between replacement cost and actual cash value is a deduction for depreciation. Both are based on the cost today to replace the damaged property with new property that is like, kind and quality.

Many carriers offer replacement cost on real and personal property, but not all carriers

insure contractors equipment (CE) on a replacement cost basis and some carriers limit the replacement cost for CE to equipment that is less than 8-10 years old. If you have a total loss to your equipment, this could cost you higher out-of-pocket expenses than you expected. For example: A trencher catches fire and is totally destroyed, the trencher was purchased new in 1991. It is insured to value and the cost to replace this trencher with a new one that is like, kind and quality is \$50,000. If you only have ACV on the CE, the carrier will depreciate the trencher for wear and tear which may result in a payment of \$13,500 vs. \$50,000. The insured would pay \$36,500 out-of-pocket for expenses to replace the equipment with like kind and quality. It works similar to your automobiles when it comes to depreciation. This could make a substantial difference in insurance recoverables—especially on older contractor's equipment. We know that sometimes you have some older big contractor's equipment that you don't use very often, certainly not as often as your trucks, and therefore they are still around for you to occasionally use. It might not be every day that you need it, but when you do need it—you need it.

A third valuation method is called Functional Replacement Cost. Functional Replacement valuation is the cost to replace the damaged or destroyed property with property that serves the same function. Functional Replacement is typically used for older properties with expensive and obsolete features which are replaced with less expensive and less costly material. This same valuation can be applied to equipment and personal property. Would you want your equipment or parts replaced



Who determines the value of replacing your lost/damaged property?

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Fun Facts

Happy Valentine's Day

Why do people sign their letters with xxx's (kisses)?

When the majority of people were unable to read and write, an X was a valid signature. They often kissed the mark to show their agreement and complete sincerity. The practice of kissing the X led to its becoming the symbol of a kiss.

St. Patrick's Day

Interesting fact: Patrick wasn't born in Ireland. Originally named Maewyn, St. Patrick was born in Wales towards the end of the fourth century AD. He might have spent his entire life in Wales, but at sixteen he was kidnapped by Irish raiders and sold into slavery in Ireland.

After six years of slavery, Maewyn escaped and made his way to Gaul where he entered a monastery run by St. Germain, the bishop of Auxerre. There he took the name Patrick. He studied at the monastery for twelve years before deciding to return to Ireland to convert his former captors to Christianity. St. Patrick stayed in Ireland until his death thirty years later. A remarkably effective missionary, he established numerous monasteries and schools during this time. He was imprisoned several times by Irish Druids, who were understandably upset by his success. St. Patrick died on March 17, 461 AD, which is where the date for St. Patrick's Day comes from.

Easter Sunday is March 31, 2013

- 1.) For Americans, Easter is the second most important holiday to eat candy, and lots of it! According to the National Confectioner's Association, Americans consumed seven billion pounds of candy on Easter in 2001. So, what's the first most candy-eating occasion of the year? Halloween of course!
- 2.) Nearly 120 million cards with be sent, exchanged, and given this Easter, which means it holds the fourth spot of the largest card-sending celebration in the U.S.
- 3.) Americans buy more than 700 million marshmallow Peeps during the Easter holiday, which makes Peeps the most popular non-chocolate Easter candy.
- 4.) Besides chocolate, what other candy pops its head around the corner during Easter time? Jelly beans! An astounding 16 billion jellybeans are made exclusively for Easter. That's enough beans to fill a plastic egg the size of a nine-story building!
- 5.) In the early 19th century, the first chocolate eggs were made in Europe. They remain among the most popular treats associated with Easter.
- 6.) In all, 90 million chocolate Easter bunnies are made for Easter every year. And, when taking a bite into one of those millions of chocolate bunnies, 76% of Americans prefer to bite off the ears first, while 5% eat the feet first and 4% eat the tail first.



Underwriting Matters

continued from p.11

with like, kind and quality or less expensive equipment that serves the same function?

Sometimes valuations vary with different types of property within the same policy. For example: Buildings may be insured for replacement cost, Contractor's Equipment could be insured for ACV and Central Office Equipment for Functional Replacement cost. It is important to understand the type of valuation method used by your carrier **before** a loss occurs. Review your policy and, if necessary, ask your agent to explain

how your policy would respond in the event of a loss. Understanding your policy before a loss occurs can help prevent disappointment and confusion.

After a loss, is not the time to dig-out your policy and see what kind of valuation that you bought. Talk to your agent now and make sure that you have what you need. If you're already with Telcom, then we're confident that you will be protected and have the right valuation on your property.

Claims Matters

continued from p.10

- Document the date, time, location, weather condition (if it is a factor in the loss) and the type of property that was damaged as best as you can. If you don't have all of this information, still file the claim and follow-up with it afterwards
- Document your costs, your insurance company will ask for them
- When possible, protect your property, don't wait for a call or a visit from the insurance company, take the necessary steps to protect your property and prevent further damage
- If you have the damaged equipment, retain it for the insurance adjuster to inspect

Always, in any claims matter, Telcom stands ready to help you. At any time during the claims process if you need assistance, please contact Telcom's Claims Department, Cheri Condee, (CLC@TelcomInsGrp.com or call: 301-220-1082), and Marilyn Blake, (MAB@TelcomInsGrp.com or call: 301-220-1085). We really are only a phone call away.

Telcom Matters

We would like to welcome the following new members to our Telcom P&C and/or D&O family: **Madison Telephone (KS)**, **Ben Lomand Rural Telephone Coop. (TN)**, **Irish Communications Co. Inc. (IL)**, **Sweetser Rural Telephone Co. Inc. (IN)**, **Barry County Services Co. (MI)**, **North Central Telephone Coop. (TN)**, **Diller Telephone Co. (NE)**, and **New Windsor Telephone Co. Inc. (IL)**.

Upcoming Holidays: Our offices will be closed on **Monday, January 21st for the MLK Day holiday and Monday, February 18th for the Presidents' Day holiday**. Please report all claims directly to the carrier. If you need claims reporting phone/fax numbers, please dial our main line at 301-220-3200 for a complete listing.

We offer our Congratulations to the following Telcom family members:

- Bruce Bohnsack, Germantown Telephone Co. (NY), on the recent birth of a new Grandbaby. She was the first baby of the New Year in Dutchess County.
- Beth and John Howard, Lipan Telephone (TX), on their new grandson, Logan Steed.
- Loren and Marcia Duerksen, Diller Telephone (NE), on the arrival of a new grandson, Grayson.
- Todd Crandall, TMS (TN/KY), on the birth of baby Sofia.

We offer condolences to the following Telcom family members:

- Jill Mattingly, Kanokla Networks, on the recent passing of her brother.

Invoice Payments in 2013

Telcom Insurance Group continues to "Go Green" and send your invoices via an email when you bind coverage. When you receive your invoices from your Underwriting Technician, we ask that you take the time to read it over to be sure all the information is correct, and then forward it on to your accounting department to process the payment.

We ask that if everything is correct, you submit full payment within 15 days of invoice or the effective date, if you bind early. If you have a credit invoice, we will, also, process the check for your credit within 15 days.

Thank you for putting your trust in us for your business insurance and risk management needs. Our Accounting department is available during normal business hours, if you have any questions please contact Kim Spear at 301-220-1084 or KFS@telcominsgrp.com or Dan Riddle at 301-220-1080 or DGR@telcominsgrp.com.

Telcom's 9th Annual Spring Art

Bullying is a problem that affects millions of students and it has everyone worried, not just the kids on its receiving end. Parents, teachers, and other adults don't always see it, so they may not understand how extreme bullying can get. But, as a student, you're probably more likely to see bullying first-hand. Start thinking about ways you can show us how you can help prevent bullying.



All entries must represent a customer and be received at the Telcom office by April 19, 2013.

Prizes are: \$100 - First place, \$75 - Second place, \$50 - Third place
Age groups are: Under 8, 8-10, 11-14

Official rules and entry forms will be emailed the beginning of March, 2013



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