



Life Science Insurance Purchasing

Milestone Chart



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COVERAGE	WHY PURCHASED	WHEN PURCHASED	EXPOSURE BASIS	BASIC LIMIT PURCHASED
Property Covers losses to building, inventory, equipment, computer, furniture, fixtures, leasehold improvements, etc., resulting from fire, windstorm, theft and other perils.	<ul style="list-style-type: none">• Required by landlord/ equipment lessor• Required by bank• Prudent business practice	Immediately (part of "Package" with General Liability)	Per hundred dollars of Property value	Exposure driven
Transit/Cargo/Stock Throughput Covers property while in transit between fixed locations. Can also cover finished goods at fixed locations.	<ul style="list-style-type: none">• Prudent business practice• Contractual requirement	Part of Package or written standalone if exposure requires	Values shipped	TBD
General Liability Covers company for claims resulting from bodily injury, property damage, advertising or personal injury arising out of business operations. This is NOT the same as Clinical Trials/Products Liability.	<ul style="list-style-type: none">• Required by landlord• Prudent business practice• Contractual requirement	Immediately (part of "Package" with Property)	Per hundred dollars of lab payroll or area (sq. ft.) or sales	\$2,000,000 aggregate \$1,000,000 per occurrence
Business Interruption/ Extra Expense Cost to cover continuing expenses, including payroll, after a property loss.	<ul style="list-style-type: none">• Prudent business practice	Immediately (part of Package)	<ul style="list-style-type: none">• Operating expenses• Burn rate• Sales	Exposure driven
Boiler & Machinery/ Mechanical Breakdown Coverage for property losses arising from the failure of boilers, machinery and electrical equipment.	<ul style="list-style-type: none">• Required by some landlords• Required by equipment lessor• Prudent business practice	Immediately (part of Property coverage)	Per hundred dollars of property value	Exposure driven
Research & Development Restoration Covers the cost to restore projects in process.	<ul style="list-style-type: none">• Prudent business practice	Immediately (part of Property coverage)	Per hundred dollars of value	Exposure driven
Valuable Papers Covers the cost to reproduce data.	<ul style="list-style-type: none">• Prudent business practice	Within first year	Per hundred dollars of value	Exposure driven
Workers' Compensation Provides employees injured on the job with medical and income benefits.	<ul style="list-style-type: none">• Required by state	Immediately	Per hundred dollars of payroll	Statutory
Short Term Disability Coverage is required for all eligible employees disabled due to an injury or sickness not related to employment.	<ul style="list-style-type: none">• Required by state• Laws vary by state	Immediately in conjunction with Workers Compensation coverage	Number of male & female employees	Limit determined by state
Automobile Liability Covers company for claims resulting from bodily injury or property damage arising from use of rented, employee owned vehicles or vehicles owned and/or leased by the company.	<ul style="list-style-type: none">• Prudent business practice• Contractual requirement	Immediately	<ul style="list-style-type: none">• Number of employees• Number of vehicles	\$1,000,000
Crime Covers losses due to employee theft of money or property. Can include Social Engineering loss.	<ul style="list-style-type: none">• Prudent business practice• 401(k) ERISA Bond requirement	Within first year	<ul style="list-style-type: none">• Number of employees• Asset size	TBD 401(k) ERISA Bond – 10% of Plan Assets to a Max of \$500,000
Fiduciary Liability Covers the administrators of the company investment plan (i.e. 401k)	<ul style="list-style-type: none">• To protect the employee administrator	Prior to implementing a plan	Plan assets	Driven by plan assets

(Chart continued on next page)

COVERAGE	WHY PURCHASED	WHEN PURCHASED	EXPOSURE BASIS	BASIC LIMIT PURCHASED
Directors and Officers Liability Covers lawsuits arising from actual or alleged wrongful acts of management.	<ul style="list-style-type: none"> Required by directors Required by investors To attract and retain outside directors and corporate officers Prudent business practice 	When forming a board When preparing for an IPO or other financing	Asset size & number of outside shareholders, employee population	\$1,000,000 & up
Employment Practices Liability Covers employment related claims of discrimination, sexual harassment & wrongful termination.	<ul style="list-style-type: none"> Prudent business practice 	As soon as affordable. Often purchased in conjunction with Directors & Officers Liability.	<ul style="list-style-type: none"> Number of employees Strength of HR policies States located 	\$1,000,000 & up
Professional Liability/Errors & Omissions Covers liability and defends claims arising from negligent acts, errors or omissions while rendering a professional service. Responds to financial loss alleged by a client.	<ul style="list-style-type: none"> Prudent business practice Often required by contract 	When providing a professional service	Per hundred dollars of revenue	\$1,000,000
Professional Liability Entity Medical Malpractice Covers the company/entity for lawsuits resulting from bodily injury as a result of services rendered by a medical professional.	<ul style="list-style-type: none"> Prudent business practice Often required by contract 	When providing a medical professional service	Per hundred dollars of revenue	\$1,000,000
Products Liability/Clinical Trials Covers company for claims resulting from bodily injury or property damage arising from products being tested or sold.	<ul style="list-style-type: none"> Prudent business practice Contractual requirement Required by clinical sites 	Commencement of human clinical trials or product sales	<ul style="list-style-type: none"> Number of participants broken down by Protocol U.S. vs. Foreign exposure Sales 	Exposure Driven
Environmental Liability Covers claims arising from damage resulting from escape or release of pollutants.	<ul style="list-style-type: none"> Required by some landlords Required by lender Auditor recommendation Exposure to pollutants 	When exposure presents	Type and volume of materials being used	\$1,000,000
Umbrella Liability Provides excess liability coverage over General Liability, Auto, & Employer's Liability and Foreign Liability.	<ul style="list-style-type: none"> Required by some landlords Prudent business practice 	Immediately	Underlying liability costs	\$1,000,000-\$5,000,000
Travel Accident Covers employees who sustain bodily injury while traveling on company business.	<ul style="list-style-type: none"> Compensation of employees 	Anytime	Number of employees	Various
Foreign Coverage Provides general liability, automobile liability, property, workers compensation for overseas exposures.	<ul style="list-style-type: none"> Extend liability insurance to cover overseas exposures Prudent business practice 	When employees begin to travel overseas	<ul style="list-style-type: none"> Number of foreign trips Number of employees traveling 	\$1,000,000
Kidnap & Ransom Provides coverage for ransom/extortion related to employees that have been kidnapped or threatened.	<ul style="list-style-type: none"> To cover key executives while traveling 	When international travel begins	Number of employees & area of travel	\$1,000,000
Cyber Insurance Coverage for first and third-party losses related to compromised personal information and/or extortion threats	<ul style="list-style-type: none"> Prudent business practice Contractual requirement State laws 	Within first year	Number of records, number of employees	\$1,000,000
Regulatory Shut Down Insurance Business Interruption/Extra Expense for Regulatory Failure (non-physical damage)	<ul style="list-style-type: none"> Prudent business practice Increased regulatory inspections around the world 	Planning for commercial launch or beyond	Various including number of covered locations	\$10,000,000
Employee Benefits Provides employees with health, life and disability insurance. Many add-ons available.	<ul style="list-style-type: none"> Needed to attract and retain employees 	Upon hiring employees	Number of employees	N/A
Executive Benefits Provides key employees with greater benefits, Typically "key person" life, disability, etc.	<ul style="list-style-type: none"> Required by investors Attract and retain 	Within first year	Age, health & salary	Varies