

## Renewal Is A Time To Think Critically About Your Insurance Program

September 16, 2016 | [Insurance, Policy, Policyholder Protection](#)

The approaching year-end means many commercial policyholders will be going through the process of renewing their property and casualty insurance coverage. Whether renewal occurs at year-end or mid-year, it is a time when smart policyholders will be thoughtful and proactive about making sure their insurance program provides the best possible protection. No single checklist could possibly capture the numerous and varied issues that commercial policyholders might want to carefully consider. That said, below is a list of issues policyholders may want to examine as they go through the renewal process, keeping your own individual circumstances in mind.

- **Defense of liability claims** – Having coverage for the costs of defending litigation can be one of the most important benefits of commercial liability insurance. The good news that an insurer will pay for a defense, however, often can be tempered by the policyholder's frustration that its insurer believes it is entitled to assign the defense of the case to a lawyer other than one with whom the policyholder has a prior relationship. Insurers rarely, if ever, have an unfettered right to select defense counsel, even though that may not stop them from asserting that they do. This is a fight that proactive policyholders potentially can avoid by addressing defense counsel selection at the time of renewal. Many insurers will agree to arrangements that accommodate a policyholder's relationship with existing counsel. If they won't, insurance brokers can provide options for different program structures that will allow the policyholder to retain more control of the defense of claims.
- **Addressing cyber risks** – Hardly a day goes by without news of a data breach involving prominent businesses or individuals. Policyholders should consider evaluating what cyber exposures they might have, and whether and how their insurance program covers them. This is particularly important for businesses that handle or store sensitive customer data.
- **Electronic business interruption** – Along the same lines, if a business depends on electronic transactions for its continuing revenue or operations, policyholders need to make sure their insurance program adequately addresses the anticipated costs of a business interruption caused by a loss of data or electronic capabilities. These service interruptions could prove very costly.
- **Changes in operations or exposures** – If the business has made acquisitions or changed its operations in some way since the last insurance renewal, policyholders should consider addressing whether the business might have new or different loss exposures that need to be addressed.
- **Insurance and indemnification obligations** – If the business enters into contracts that require it to insure or provide indemnification for

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other parties, it is important to assess whether the company's insurance program actually provides appropriate coverage. If the insurance does not protect those other parties when they contend it should have, those other parties may end up looking to the policyholder for direct reimbursement if there is no coverage in place.

There are countless other issues that policyholders can and should address during the renewal process. A little attention devoted to the insurance program at renewal may go a long way toward reducing the likelihood of disputes with the insurer further down the road, or at least put the policyholder in a better position when those disputes do arise.