

Masterpiece

**EMPLOYMENT PRACTICES
LIABILITY COVERAGE**

FREQUENTLY ASKED QUESTIONS
For Agents and Brokers

**Q. WHAT IS MASTERPIECE EMPLOYMENT PRACTICES
LIABILITY COVERAGE?**

A. This new coverage will address specific liability needs for Chubb customers who employ a residential staff and carry a personal or excess liability policy. This liability insurance will help protect against the perils of wrongful employment acts defined as wrongful termination, sexual harassment and employment discrimination. Coverage is also included for reputational injury, which reimburses our customers for the cost of hiring a public relations firm to help with reputation-related damage control after (and in some cases before) a covered incident occurs.

**Q. WHY IS CHUBB OFFERING MASTERPIECE EMPLOYMENT
PRACTICES LIABILITY COVERAGE?**

A. Chubb Specialty (Executive Protection) currently offers employment practices liability products for commercial customers. In response to a growing number of personal insurance customers with domestic employees, as well as increased litigation exposures from wrongful employment acts, Chubb Personal Insurance developed this new coverage.

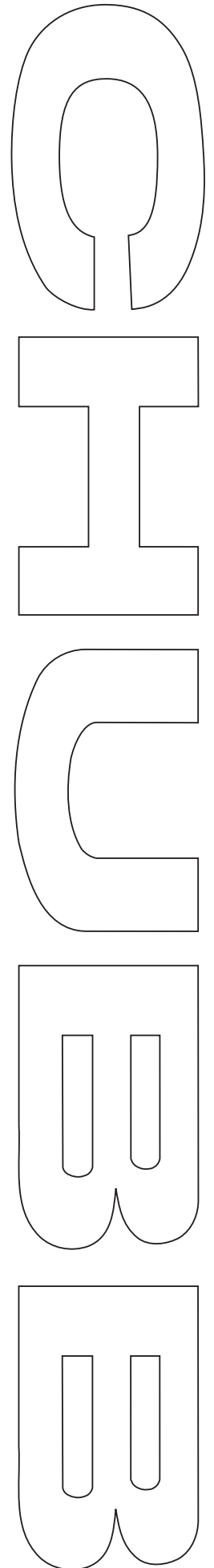
**Q. WHICH CUSTOMERS ARE ELIGIBLE FOR MASTERPIECE
EMPLOYMENT PRACTICES LIABILITY COVERAGE?**

A. This coverage will be available for customers who meet the following two requirements:

- \$5 million or more personal or excess liability coverage on the Chubb policy to which *Masterpiece* Employment Practices Liability is to be added.
- Five or fewer residential staff at all locations.

**Q. WHAT COVERAGE LIMITS ARE AVAILABLE FOR MASTERPIECE
EMPLOYMENT PRACTICES LIABILITY COVERAGE?**

A. There are currently two options for EPL coverage:



(over)

OPTION A**OPTION B**

NAMED PERIL EMPLOYMENT PRACTICES LIABILITY	
\$250,000 per occurrence	\$500,000 per occurrence
\$500,000 annual aggregate	\$500,000 annual aggregate
\$10,000 deductible per occurrence	\$10,000 deductible per occurrence

REPUTATIONAL INJURY (ADDITIONAL INCLUDED COVERAGE, NO DEDUCTIBLE APPLIES)	
\$25,000 per occurrence/annual aggregate	\$50,000 per occurrence/annual aggregate

Q. HOW MUCH DOES MASTERPIECE EMPLOYMENT PRACTICES LIABILITY COVERAGE COST?

A. Option A is \$650 per year. Option B is \$975 per year. Both options are available in approved states, but costs may vary.

Q. IS MASTERPIECE EMPLOYMENT PRACTICES LIABILITY COVERAGE AVAILABLE IN ALL STATES?

A. At this time, *Masterpiece* Employment Practices Liability is available in a number of states. We expect it to be available in more jurisdictions throughout 2003-2004.

Q. HOW IS A MASTERPIECE EMPLOYMENT PRACTICES LIABILITY COVERAGE POLICY ISSUED?

A. The coverage is available as an endorsement to a *Masterpiece* Personal or Excess Liability policy, subject to underwriting. *Masterpiece* Employment Practices Liability responds on a first dollar basis, regardless of which type of liability policy it is issued with. Commissions depend on whether the coverage is added to personal or excess liability. This coverage is not automatic or required.

Q. DO I HAVE BINDING AUTHORITY FOR MASTERPIECE EMPLOYMENT PRACTICES LIABILITY COVERAGE?

A. Agents and brokers do not have binding authority for this coverage. All requests for *Masterpiece* Employment Practices Liability must be pre-approved. Please contact your personal lines underwriter for assistance.

Q. HOW DOES THE DEFINITION OF "OCCURRENCE" APPLY TO MASTERPIECE EMPLOYMENT PRACTICES LIABILITY COVERAGE?

A. An employment practices liability occurrence must begin within the policy period. Continuous or repeated exposure to substantially the same general conditions unless excluded is considered to be one occurrence.

Q. HOW WILL MASTERPIECE EMPLOYMENT PRACTICES LIABILITY COVERAGE CLAIMS BE HANDLED?

A. All claims will initially be processed at Chubb's claims service centers in Chesapeake, VA and Phoenix, AZ. They will then be routed to the appropriate Specialty Claims office. The same experienced claim professionals that have handled EPL claims since the early 1990s for Fortune 500 companies insured with Chubb will work with personal lines EPLC customers should a claim arise.

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Q. HOW CAN I MARKET MASTERPIECE EMPLOYMENT PRACTICES LIABILITY COVERAGE TO MY EXISTING AND PROSPECTIVE CHUBB CLIENTS?

A. This coverage addresses a major and growing customer concern about increased allegations of wrongful employment acts, as well as concerns about handling media inquiries and public perceptions should such allegations be made. The product leverages Chubb's decade-long commercial EPL experience and offers your clients versatility in both limits and packaging of the coverage.

Q. HOW DOES THE CONTRACT WORK IF A CUSTOMER NO LONGER MEETS ELIGIBILITY REQUIREMENTS DURING THE POLICY PERIOD? AT RENEWAL?

A. If a customer employs more than five residential staff during the policy period, through the remainder of the policy period the policy will respond to occurrences involving only those five residential staff with the longest period of uninterrupted employment in chronological order of hiring at the time of the employment practices liability occurrence. If on the effective date of the policy period the number of residential staff exceeds five, eligibility will cease as of that date. If coverage has been provided, it will be cancelled or non-renewed at the earliest possible date allowed by law.

Q. WHAT ARE THE ADVANTAGES OF CHUBB'S MASTERPIECE EMPLOYMENT PRACTICES LIABILITY COVERAGE?

A. This coverage is optional and versatile; it can be added to either a Chubb excess or personal liability policy. There are two coverage options to choose from, both with higher limits than a competitor's product. In addition, Chubb's basic option provides more coverage for the same price.

Q. WHO IS MY KEY CONTACT FOR MASTERPIECE EMPLOYMENT PRACTICES LIABILITY COVERAGE?

A. Your personal lines underwriter is your primary point of contact for *Masterpiece* Employment Practices Liability coverage.

