

FACT vs. FICTION

PROFESSIONAL LIABILITY INSURANCE

BE INFORMED BEFORE YOU BUY A POLICY | JUNE 2019

DAN has earned its reputation as a trusted leader by helping divers in need for almost 40 years.

However, you recently may have found yourself rethinking our products because of inaccurate information circulating in the marketplace about our individual or group professional liability insurance policies.

Before you select a professional liability insurance policy, we urge you to take a few minutes to understand the facts about our coverage so you can make an informed decision about the best product for you.

FICTION: DAN RRG doesn't provide legitimate insurance because it doesn't have a carrier rating.

FACT: The Risk Retention Group (RRG) created by DAN is a legitimate insurance company recognized under federal and state law. It is legal, fully licensed and backed by DAN and Lloyd's of London. Each year the company has its accounts audited by independent accountants, and its pending losses are reviewed by independent actuaries. It is not "self-insurance."

DAN RRG is legally required to maintain a certain level of capital and acceptable loss reserves.

When combined with the various risk-mitigation tools available through DAN, no other insurance provider offers the protection available from DAN RRG with all the safety resources available from DAN.

FICTION: Failing to comply with training standards triggers an exclusion only in DAN RRG policies. This doesn't happen with other policies.

FACT: DAN RRG believes it is important for dive professionals to comply with the standards set by their certification agency, and failure to comply may cause this exclusion to come into effect. Review the exclusions in other policies, and you will see that they replicate the individual standards of the certification agency.

What the DAN RRG policy accomplishes in a single exclusion, some policies list out in several. If you fail to follow the standards of your certification agency, and that leads to a claim, you could be without coverage no matter which policy you purchase.

However, an alleged violation of agency standards does not automatically exclude coverage. As with all liability claims, each situation must be evaluated on its own merits.

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FICTION: You could reach your defense limit with DAN's RRG policy, and have to pay out of your pocket in event of a claim.

FACT: You have options. Defense costs are included in the aggregate limit under the DAN RRG policy. However, you may select the unlimited defense cost endorsement for your policy, which gives you unlimited defense costs.

FICTION: If multiple policyholders are involved in a claim, coverage limits will be divided and decreased with a DAN professional liability insurance policy.

FACT: A single shared limit exists for insureds under all group professional liability policies. However, the same is not true under the individual professional liability policy. Each certificate holder has a separate limit, and that limit is not reduced by the coverage limits of others who have purchased a separate policy.

The issue regarding limits is separate from the anti-stacking provision contained in all professional liability policies. A single insured may not stack the coverage under two or more DAN RRG policies.

While it is unlikely that an insured will have more than one DAN RRG policy in effect at any point in time, it could happen when there is an overlap in the effective dates of the policies.

Under those circumstances, the limit will be the highest limit available under any policy that is in effect when a claim is made. If a claim arising out of the same event is made against multiple dive professionals, each with an individual policy, the aggregate limit will apply separately to each policy.

FICTION: Instructor/Student ratios listed in DAN RRG policies are unrealistic and inappropriate.

FACT: DAN RRG does not define instructor or student ratios. Instead, DAN RRG follows the recommended certification agency standards, ratios and best practices.

FICTION: DAN RRG is supported only by shareholders, so you may need to pay out of pocket in the event of a large loss or when there is insufficient capital.

FACT: While each policyholder is also a shareholder of DAN RRG, the risk that a shareholder would need to contribute funds to DAN RRG in the event of excessive losses is virtually nonexistent.

In the rare event of insufficient capital (after all assets of the RRG and all reinsurance is collected), any outstanding balance must be paid by the shareholders. In the case of DAN RRG, DAN owns 99.9% of the outstanding shares which leaves only .1% of the financial responsibility to the shareholders.

If there was an unlikely capital call, then and only then would the shareholders be asked to contribute. DAN RRG currently has approximately 1,002,000 shareholders. For each additional dollar needed, each shareholder would be obligated to contribute their prorata share (1/1,002,000).

For example, for a \$1,000,000 capital call, each shareholder would be obligated to contribute less than one dollar.

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FICTION: DAN RRG doesn't have an incident response team in place to quickly and effectively handle claims.

FACT: DAN RRG has established an Incident Response Team which includes attorneys and investigators. These risk-mitigation specialists are not employees of the dive professional's certification agency, but work for DAN RRG and you, the insured.

A single call to DAN's incident response hotline at (919) 682-9111 will activate the team, which will respond in an appropriate manner depending upon the nature of the incident.

In addition, both DAN RRG staff and the Incident Response Team work with the various certification agencies to make sure that liability releases are up to date, meet legal requirements, and provide the dive professional with the highest level of protection against lawsuits and claims.

FICTION: DAN RRG is a new player in the market and cannot compete with more established brands.

FACT: DAN is recognized as the worldwide leader when it comes to dive safety, dive safety education and dive accident research. DAN's dive accident insurance plans are highly regarded and set the benchmark in the industry for protection.

DAN has taken that experience and pioneered risk-mitigation programs for the benefit of the entire diving community.

FICTION: DAN RRG sells professional liability insurance only for the money.

FACT: DAN decided to offer liability insurance as a service to the diving industry. While the program is not designed as a profit center, DAN RRG is the only company that reinvests proceeds collected through its professional liability insurance program in dive safety initiatives for the benefit of the entire dive community.

When you purchase a DAN RRG policy, you help us fund initiatives such as our HIRA program, oxygen grants, research and more. Reinvesting in safety is a critical part of our mission that was established 40 years ago.