

FAST FACTS

THE HARTFORD: Your solution for
Retailers.



Size of Opportunity

U.S. Retailers	1.5 million locations*
Combined premium for workers' compensation, business liability, property, and commercial auto	Approximately \$1.6 billion

Appetite

- Property values of \$15 million per location and sales of \$10 million per account
- Monoline workers' compensation up to \$5 million in payroll; monoline auto up to 25 power units
- Larger workers' compensation and auto policies may be written in conjunction with a Spectrum® policy

SIC Type of Business**

5912 Drug Store

Druggists Professional Liability **may** be written for an additional charge

Risks that rent or lease medical equipment, prepare radioactive drugs or compound medical prescriptions **are not** eligible. In addition, Internet and mail-order pharmacies **are not** eligible.

5992 Florists, including Nursery and Garden Shops

Florists Errors and Omissions **may** be written

5712 Furniture Stores

Antique stores, mattress stores, baby furniture stores, used furniture and consignment shops **are not** eligible

continued

* MarketStance Commercial Lines Database, 2009
** Partial list. See the Appetite Guide for a detailed list of SIC Codes

5946	Gift Stores
5713	Floor Covering Stores Stores that exclusively sell Oriental, Persian, antique or exotic rugs are not eligible
5941	Sporting Goods Stores Risks that rent equipment; sell diving equipment; guns and ammunition; used goods; set up or install exercise equipment; sell or rent paint ball equipment are not eligible
5231	Paint, Glass, Wall paper Stores
5961	Catalog or Mail Order Operations
5441	Candy, Nut & Confectionary Stores
5945	Hobby & Model Shops Baseball Card stores are not eligible
5941	Bicycle Shops Incidental repairs, rental and used bike sales (up to 25% combined) is contemplated in the class. Risks selling motorized bikes are not eligible

Industry Outlook

The retail industry, highly dependent on disposable household income, has had a tough time in recent years and will face challenges into the foreseeable future. Retailers have reduced prices to lure shoppers into their stores. Consumers have become accustomed to lower prices and now view them as “the norm.” Low prices and increased competition from mass merchandisers and online substitutes will keep profits and revenue low.

Why retailers Choose The Hartford

Spectrum Business Owners Policy

- **Location is key.** Retailers usually establish a clientele base in their immediate area. Moving could mean the loss of valued repeat customers. Consequently, should a property loss occur, they would prefer to rebuild – not relocate.

- **Retailers are often dependent on other businesses.** Here are two examples:

- ◊ **Because location is key to driving customer traffic, many retailers select space near an important anchor location.** Should the anchor store suffer a large property loss, small retailers in the immediate vicinity may incur reduced sales or may need to shut down during construction.
- ◊ **Just-in-time (JIT) merchandising helps retailers to manage the amount of inventory on hand.** Coordinating supply and demand information between retailers and manufacturers helps retailers maintain desired inventory levels while reducing inventory carry costs.

Spectrum may be endorsed to provide Business Income coverage from Dependent Properties. This endorsement can provide Business Income coverage for a covered loss at the premises of an anchor property or a major supplier.

- **Computer information systems are needed to support basic operations.** Computer systems are used extensively to track sales transactions, inventory and purchasing; process payments; and link backroom functions such as payroll, finance and accounting.

Spectrum includes Computers and Media as covered business personal property and protects our insured’s investment in computer technology by reimbursing them for physical loss or damage to computer hardware. Coverage is extended to loss of or damage to data or computer software on a more limited basis.

The optional Computers and Media Coverage form provides built-in coverage for virus damage to computer equipment, software and data. Limits are available up to \$2 million. Stretch endorsements each also contain additional limits. Stretch endorsements may also contain additional limits.

- **Employee theft accounts for 45% of all crime-related losses.** Despite security measures, employee theft is an ongoing problem for retailers.

The optional Employee Dishonesty endorsement can be purchased. Limits from \$10,000 to \$250,000 are available. Additional limits are provided under many of our Stretch endorsements.

continued

- **Many retailers have variable inventories.** Peak season inventories can rise by as much as 20% or more over the norm for many types of retailers.

The Spectrum Special Property Coverage form provides for a 25% seasonal increase. This coverage can be applied when the retailer has covered their business personal property at the scheduled premises to at least 100% of the average monthly values. Additional seasonal Increase options are available up to 50%.

- **Most retailers lease space and then accessorize to fit their brand.** Store atmosphere can vary greatly. Upscale stores will spend a great deal of money on lavish décor and expensive fixtures.

The Special Property Coverage form includes Tenants Improvements and Betterments within the Business Personal Property limit. A separate limit, sometimes required contractually by a landlord, may be established for Tenant's Improvements and Betterments and established in the policy Declarations.

Workers' Compensation

- **The injury rate for workers in the retail sector is slightly higher than the national average.** Injuries are generally more frequent than severe and result from lifting during restocking, toppling merchandise, slips, trips and falls.

As one of the largest and most experienced workers' compensation carriers in the country, we offer:

- ◇ **Access to a nationwide network of over 400,000 healthcare providers skilled in handling workplace injuries and helping injured employees get back to work.** These network resources, combined with contracted network discounts, help The Hartford get the most out of every health-care dollar.
- ◇ **Assistance in getting injured workers back on the job as soon as medically appropriate** through our Team•Work® return-to-work program and nurse case managers for complex cases.
- ◇ **Help in managing claim expenses** by reviewing medical bills and prescription treatments for accuracy.

- ◇ **Broad Coverage** for your insureds including our **Broad Form Endorsement** at no additional premium charge. This endorsement provides many useful coverages including **Reimbursement for Reasonable Expenses** incurred on the insureds behalf in connection with a suit or claim proceeding we defend. This coverage extends to loss of earnings

- **Seasonal demand for many goods means that cash flow can be uneven:** Goods associated with holiday seasons, i.e., toys, flowers, consumer electronics, etc., generate a disproportionate share of revenue during the fourth quarter.

The Hartford offers a convenient way to manage cash flow with XactPAY® our patent pending payroll billing solution for Hartford workers' compensation policyholders. Benefits to small business owners include:

- ◇ No large down-payment
- ◇ Pay-as-you-go premium charges based on actual payroll
- ◇ Mitigation of audit surprises at the end of the policy period

Commercial Auto

Retailers of large home goods such as TVs, furniture etc., have always delivered goods to the end customer. However, many other retailers have added delivery services as a way to generate additional value (and income) during the poor economy.

- Our recently expanded appetite for heavy and extra heavy trucks as part of a vehicle fleet and our competitive rating structure make it easy for you to place the entire account with The Hartford.
- The Hartford offers broad auto insurance enhancements beyond most standard policies at no additional cost to the insured.

With The Hartford Behind You, Achieve What's Ahead of You.

Don't forget to visit our small commercial site at: sb.thehartford.com

The information provided in this material is intended to be general and advisory in nature and should not be considered legal advice. Certain coverages, features and credits vary by state and may not be available to all insureds. All coverages are individually underwritten.

This document outlines in general terms the coverages that may be afforded under a Hartford policy. All policies must be examined carefully to determine suitability for your needs and to identify any exclusions, limitations or any other terms and conditions that may specifically affect coverage. In the event of a conflict, the terms and conditions of the policy prevail. All Hartford coverages described in this document may be offered by one or more of the property and casualty insurance company subsidiaries of The Hartford Financial Services Group, Inc. All information herein is as of April 2010.