



Risk Improvement Coverage Endorsement

Affiliated FM's unique Risk Improvement Coverage Endorsement provides our clients additional funds following a covered property loss to undertake physical risk improvement to better protect their properties and drive down their overall cost of risk.

Affiliated FM's Risk Improvement Coverage Endorsement provides flexible limits—up to 10% of the property damage* up to \$500,000—and can be purchased on a policy or location basis.

A Variety of Risk Reduction Options

Following a covered property loss, a client can use the additional funds provided by our Risk Improvement Coverage Endorsement to enact risk improvement based on physical recommendations outlined in any FM Global Data Sheet.

Data Sheets, available online at www.fmglobaldatasheets.com, provide numerous physical enhancements and recommendations that clients can undertake to better protect their facilities and drive down their overall cost of risk.

Whether it's installing sprinklers, improving flashing or fastening of a roofing system, erecting flood barrier protection, installing seismic gas shutoff valves or retro-fitting hydraulic shut off devices, by following the guidelines outlined in the FM Global Data Sheets, clients can improve and protect their facilities from physical loss or damage.

Risk Improvement Coverage Endorsement funds could also provide the financial foundation to undertake larger risk improvement projects.

As a leader in understanding the hazards our clients face and the science of property loss prevention engineering, Affiliated FM is available to assist brokers and clients in identifying and prioritizing risk improvement options before and after a loss occurs. This allows you to not only understand their vulnerabilities, but apply their additional risk improvement funds in the most cost-effective and efficient manner.

No other insurance carrier provides this level of commitment and expertise to help our clients better protect their facilities from property loss.

Risk Improvement Coverage Endorsement in Action

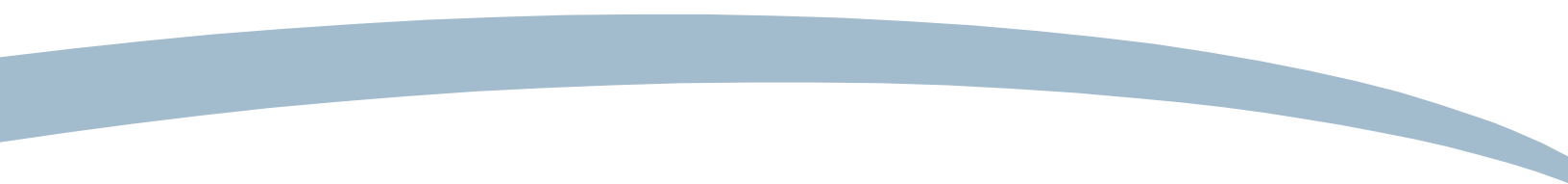
To see how this coverage might respond, here are a few fictional examples:

Example One: A client has two buildings at one location—a fully sprinklered office building and a warehouse which is only partially protected.

A fire strikes the office. The property loss is \$750,000 and the Business Interruption (BI) is \$100,000. Their existing proVision All Risk Policy pays the total \$850,000 property and BI claim and the office building is repaired.

Affiliated FM's Risk Improvement Coverage Endorsement then provides additional funds, in this case \$75,000 based on 10% of the \$750,000 property damage loss, and the client can elect to use the funds to install the remaining sprinklers to fully protect the warehouse or look to the FM Global Data Sheets to find other risk improvement options.





Example Two: A client suffers a minor fire in their manufacturing plant after an employee put a smoldering cigarette in a waste basket. Though the fire is contained by the sprinkler system until the fire department arrived to extinguish it, it caused \$65,000 in property damage, with no interruption to the business. After deductible, the Affiliated FM provision policy pays the remainder of the loss, in this case \$55,000.

Because funds are based on the loss before deductible, the Risk Improvement Coverage Endorsement provides an additional \$6,500.

Working with the broker and their Affiliated FM account engineer, the client prioritizes the recommendations on their latest Risk Report and elects to spend the additional \$6,500 to install an automatic shutoff on their hydraulic press. In doing so, the client eliminates a major exposure to loss at their facility.

These are just some examples of how Affiliated FM's Risk Improvement Coverage Endorsement can help your clients better protect their facilities.

For more information on Affiliated FM's Risk Improvement Coverage Endorsement, visit www.affiliatedfm.com/riskimprovement or contact your Affiliated FM representative.

**The Risk Improvement Coverage Endorsement payment is calculated on the property damage component of a loss only, which excludes property not covered. Business Interruption is not included.*

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