Ralphie’s Risk Management Story
An Insurance Perspective on the Holiday Classic, “A Christmas Story”

December 2013

The fabled Christmas of “A Christmas Story,” is one that will forever remain in infamy for the fictional city of Hohman, Indiana. The Parker family, comprised of Mr. Parker (The Old Man), Mrs. Parker, Randy Parker and Ralphie Parker, seemed unable to avoid the risk and turmoil associated with successfully navigating the holiday season.

Memorable moments from that fateful year included the alarm caused when Flick, a local student, got his tongue stuck to a flagpole at Warren G. Harding Elementary School after succumbing to the peer pressures of a “triple dog dare.” Additionally, everyone in the neighborhood was surprised and engrossed by the “major award” Mr. Parker received in the form of a laced leg lamp, and its untimely demise. From flat tires, blown fuses, pink bunny suits, and a Christmas dinner at the Chop Suey Palace, the Parker’s holiday season was hilarious, unforgettable and riddled with high-risk situations.

Ralph “Ralphie” Parker, now grown, has abandoned his childhood dream of becoming a strongman of the law and has settled into the exciting and reliable profession of risk management. With the holidays fast approaching, Ralphie can’t help but remember the losses, and potential losses, incurred by his friends and family during that long ago Christmas. He was nine years old, desperate for a Red Rider BB gun, and blissfully ignorant of all the potential liability surrounding him. Now a learned insurance professional, Ralphie is recalling some of the holiday risks of his youth.
Ralphie’s Risk Management Story

Now a learned insurance professional, Ralphie brings a new perspective on the holiday risks of his youth in Hohman, Indiana.

You’ll Shoot Your Eye Out!

- **Red Ryder BB Gun Misfire**
  - **General Liability (Products) Coverage**
  - **$1M** Each Occurrence
  - **$2M** Products Aggregate
  - **$450** Premium

Triple Dog Dare

- **Student Accident**
  - **$25K** Each Individual
  - **$480** Premium

Special Delivery

- **Pink Bunny Suit**
  - **Inland Marine (Cargo)**
  - **$1M** Limit
  - **$50K** Any One Shipment
  - **$40K** Premium

Lloyd’s Lamp Coverage

- **$1M** Limit
- **$5K** Premium

If any underlying casualty limits are depleted, the umbrella will be available beyond those policies. This will keep everyone snug and dreaming of turkey and presents this holiday season.

A contemporary commentary on the risk management issues raised by Jean Shepherd’s holiday classic “A Christmas Story.”

Source: “The Elves” of Lockton, the world’s largest privately held insurance broker.
WARREN G. HARDING ELEMENTARY SCHOOL—MS. SHIELDS

During the cold months of winter, teachers are tempted to take refuge in their warm classroom and dodge playground duty. Unfortunately, leaving children unsupervised on a cold icy playground sets up a large liability. With his honor on the line, Flick gets his tongue stuck to a flagpole while succumbing to the dare of all dares—the sinister triple dog dare.

STUDENT ACCIDENT
The Christmas holidays bring extra challenges to the already daunting task of ensuring student safety. Winter is filled with fun, but also dangerous with recess activities like snowball fights and playing tag on icy blacktops. Even with the best of intentions, some injuries are unavoidable and parents are bound to hold the school liable. Student Accident coverage, combined with the school’s general liability policy, will make sure that this risk is covered.

Limits: $25,000 each individual
Premium: $480

PRICELESS LEG LAMP

You’ve been working hard at entering newspaper sweepstakes all year, but not for nothing. No, you’ve got your mind on the prize. As a matter of fact, a “major” award to be precise. Finally, the package arrives on your doorstep. You read the bold label on the crate, “fragile” (fra-gee-lay) . . . it must be Italian. Nice. Then you see the result of all of your hard work, an elegant laced leg lamp. Tragically, due to a “vacuuming accident” by the wife, the lamp is shattered.

LLOYD’S LAMP COVERAGE
Despite the Mrs.’ annoyance, this is easily a top 5 accomplishment of your life. You’re not going to let this trophy, nay, temple honoring your career, risk any danger. The best option for such a piece of fine rare art would be to place it on a special property policy through Lloyd’s of London.

Limit: $1,000,000* of coverage for scheduled item
Premium: $5,000

*Note: appraisal value agreed upon by third-party appraiser
The most dreaded part of the holiday season is opening the gift sent by Aunt Clara. Despite Mrs. Parker’s admiration, the pink bunny pajamas will have even Little Orphan Annie Secret Society members looking like deranged Easter bunnies. Unfortunately, this year Aunt Clara’s present was damaged by the shipping company...

Christmas is one of the busiest shipping times of the year. Parents and children across the world are depending on the safe and reliable transportation of their gifts to loved ones. The holiday rush can lead to careless handling of packages that can ultimately result in damaged cargo. In order to ensure that all the packages are covered, even the ones from Aunt Clara, the shipping company should purchase an Inland Marine policy to guarantee that all of their precious cargo is covered.

The use of a large butcher knife to carve the restaurant’s “Chinese Turkeys” is likely to lead to the occasional cut or lost finger. While distracted by the harmonious rendition of “Deck the Halls” a Chop Suey Palace employee accidently cuts his finger while carving the Parker family’s Christmas meal.

Certain types of injuries are par for the course in a restaurant. There are some simple steps to ensure not only the safety of your employees, but also the lowest policy premium possible. Slow down, even during the holiday rush. It is important to be cognizant of properly handling knives in order to avoid cuts or lacerations. However, even the most diligent and careful of employees can suffer the occasional accident. Having a Workers’ Compensation policy in place will ensure that you are covered in the event of a workplace incident.

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<td><strong>SHIPMENT OF PINK BUNNY SUIT</strong></td>
<td>The most dreaded part of the holiday season is opening the gift sent by Aunt Clara. Despite Mrs. Parker’s admiration, the pink bunny pajamas will have even Little Orphan Annie Secret Society members looking like deranged Easter bunnies. Unfortunately, this year Aunt Clara’s present was damaged by the shipping company... too bad! INLAND MARINE (CARGO) Christmas is one of the busiest shipping times of the year. Parents and children across the world are depending on the safe and reliable transportation of their gifts to loved ones. The holiday rush can lead to careless handling of packages that can ultimately result in damaged cargo. In order to ensure that all the packages are covered, even the ones from Aunt Clara, the shipping company should purchase an Inland Marine policy to guarantee that all of their precious cargo is covered.</td>
<td>Limit: $1,000,000 aggregate $50,000 any one shipment Premium: $40,000</td>
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<td><strong>CHOP SUEY PALACE EMPLOYEES</strong></td>
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<td>Based on $100,000 in annual payroll Limits: Statutory Premium: $1,500</td>
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“Parents and children across the world are depending on the safe and reliable transportation of their gifts to loved ones.”
Ralphie’s old man was just a bit too enthusiastic decorating for the holidays this year. As a result, the electrical outlet is overloaded. An extra lamp and a dry Christmas tree could easily send sparks flying and blow a fuse, causing the house to catch fire.

### PROPERTY
Making sure that you have adequate property coverage is extremely important in ensuring that you and your family can have peace of mind and a happy holiday. This coverage not only insures the building itself, but also the contents held within it. Don’t be left with a Scrooge spirit because you didn’t adequately insure your home. Make sure that chestnuts are the only thing roasting this holiday season and protect your property from common perils like fire.

| Limits:   | $300,000 building |
|          | $225,000 contents |
| Deductible: | 1% deductible |

| Premium:     | $1,445 annually or $121 per month |

While driving home after a wonderful evening filled with Christmas parades and a visit with Santa, the Parker family experiences car trouble. A rogue Christmas ornament punctured a tire and left the family stranded roadside without The Old Man’s endless supply of spare tires.

### AUTOMOBILE
Even the manliest of men would want to avoid having to change a flat tire during the winter with their family in the car. Automobile insurance with Towing and Labor coverage ensures that you don’t have to listen to your children utter the “Queen Mother of all dirty words” while you are changing a flat tire. Your carrier will send a service truck to change your tire, provide gas and jump a battery with just a phone call. The professionals will have you back on the road quicker than an Indianapolis 500 pit crew.

| Limits:         | $250,000/$500,000 BI |
|                | $100,000 PD |
| Comprehensive and Collision Coverage with a $500 deductible | |
| Better Car Replacement | |
| Employee Parking Guard | |
| Towing and Labor | |
| Rental Reimbursement | |

| Premium:      | $1,273 Annually or $106 per month |

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<td>Even the manliest of men would want to avoid having to change a flat tire during the winter with their family in the car. Automobile insurance with Towing and Labor coverage ensures that you don’t have to listen to your children utter the “Queen Mother of all dirty words” while you are changing a flat tire. Your carrier will send a service truck to change your tire, provide gas and jump a battery with just a phone call. The professionals will have you back on the road quicker than an Indianapolis 500 pit crew.</td>
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<td><strong>HIGBEE’S DEPARTMENT STORE PROFITS</strong></td>
<td>Christmas time is money time at Higbee’s Department Store, but despite the protection of a Red Ryder carbine-action, two hundred shot Range Model BB gun with a compass in the stock and a thing which tells time, Black Bart and his band of outlaws managed to break into the department store and walk away with a stack of holiday loot!</td>
<td>CRIME Circling their wagons with a Commercial Crime policy, Higbee’s would be covered for theft, disappearance or destruction of money and securities whether in the locked cash register, in the safe, or on the way to the bank. Even damage to the building and safe is covered from an attempted or actual theft. Not even the Red Ryder himself offers that kind of protection!</td>
<td>Included in Property Coverage</td>
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<td><strong>HIGBEE’S DEPARTMENT STORE—SANTA’S SLIDE</strong></td>
<td>The Higbee’s Santa Claus is a time honored tradition that represents hope and joy for all of the children of Hohman, Indiana. The culmination of a year’s worth of waiting ends with Santa’s elves sending (or kicking) the children down a slide and into a pile of fake snow. However, like most things in life, the opportunity for great fun also poses the potential for great risk. While sliding out of the Winter Wonderland, a child hits his head and has to receive medical attention.</td>
<td>GENERAL LIABILITY (PREMISES) The Christmas holidays bring an increased flow of customers into Higbee’s. While the seasonal shopping is good for business, it also increases the chance of customer injury. A General Liability policy will ensure that Higbee’s has coverage if any children are injured during their experience with Santa. Additionally, snow and ice lead to slippery floors which, in turn, can lead to accidents. The medical payment’s sublimit will allow easy administration of low dollar claims regardless of legal liability. This will help Higbee’s keep customer relations strong and spirits high this holiday season.</td>
<td>Limits: $1,000,000 each occurrence $2,000,000 general aggregate Covers bodily injury and property damage $10,000 medical payment sublimit Premium: $20,000</td>
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RED RYDER BB GUN MISFIRE | Every child wants to grow up to be just like the Red Ryder. The only way to gain the shooting skills necessary to beat Black Bart and his band of outlaws is to start practicing at an early age. As luck would have it, the Red Ryder makes a prototype BB gun for just this purpose! Unfortunately, a manufacturing defect has caused the guns to misfire, putting the user's eyes at risk of being shot out. The BB guns need to be recalled for safety reasons. | GENERAL LIABILITY (PRODUCTS) Offering dangerous products can be a profitable business, but also one that can bankrupt even the Red Ryder overnight. This will provide the BB gun manufacturer with coverage for bodily injury and property damage caused by a defective product they manufacture. The full extent of a loss caused by a defective product might not be known until long after the products leave the warehouses. The cost of replacing the defective BB gun is not insured by this coverage but can be done so by endorsement or a separate coverage form. | Limits: $1,000,000 each occurrence $2,000,000 products aggregate Premium: $45,000 The risk management team secured a recall endorsement to cover the costs associated with recalling the BB guns |
UMBRELLA | Several of these claims have the potential to be large loss with multiple claimants. In an attempt to make sure that the businesses in Hohman, Indiana, are adequately covered, umbrella policies have been purchased to provide additional limits. | UMBRELLA If any underlying casualty limits are depleted, the umbrella will be available beyond those policies. This will keep everyone snug and dreaming of turkey and presents this holiday season. | Limit: $5,000,000 Premium: $15,000 |

“The full extent of a loss caused by a defective product might not be known until long after the products leave the warehouses.”
Our Mission
To be the worldwide value and service leader in insurance brokerage, employee benefits, and risk management

Our Goal
To be the best place to do business and to work