



Business to Business

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Flood Insurance Might Be for You

Think your business is safe from the dangers of flooding? Consider the following:

- Six out of every ten declared disasters involve flooding.
- Floods are more common than any other form of natural disaster and have no geographic boundaries. They occur in all 50 states.
- In 2008, FEMA spent more than \$1 billion in its effort to reclassify flood risk zones across the U.S. This is due in part to the fact that over 30% of properties suffering flood damage in 2007 were not located in a designated special flood hazard area.
- Businesses located in areas where new construction, forest fire or storm damage have



changed the land may be at greater risk than in the past.

- In some areas, the chance of a property suffering flood damage is 25% greater over the course of a 30-year loan than any other loss, including fire.

Currently, the National Flood Insurance Program offers businesses flood insurance at an amount up to \$500,000 for the building and \$500,000 for contents. Businesses with a need for more coverage can purchase additional flood insurance from other insurance companies.

To see how much it would cost your firm to protect its property from this pervasive threat, call our service team today. ■

Employee Theft on the Rise

Employee theft increased in 2008. Crimes on the increase include fictitious sales transactions, illegal kickbacks, and theft of office equipment and retail products held for customer sale.

It's often the most trusted workers committing the thefts. A 2007 study from PricewaterhouseCoopers provides informative results:

- Senior level employees with an average tenure of seven years commit one in four of all reported internal frauds.
- Eighty-five percent of fraudsters are male.
- Forty-four percent are between the ages of 31 and 40.

- Thirty-eight percent possess at least a bachelor's degree, and 12% hold a post-graduate degree or higher.

The study reports that companies lost an average of \$2.4 million to fraud in 2007, up from \$1.7 million in 2005—the majority of which was conducted by employees.

Employers of all sizes in all industries should take caution. Employers can help recover some of the cost associated with employee theft by obtaining adequate insurance, usually called "crime" insurance. For information on protecting your business's bottom line with crime insurance, call our service team today. ■

Summer Office Parties That Include Alcohol

Summer is the time of year when businesses across the U.S. decide that all work and no play makes for a pretty lousy workplace. Owners and managers replace neckties with aprons and break out the barbecue after hours to enjoy a little warm weather and fellowship.

If your firm plans an annual, semi-annual, monthly or impromptu party at the office, you obviously believe in the power of positive morale. Sometimes when such gatherings take place after hours, beer and cocktails can also join the party.

If someone at your office has one too many and causes an accident, even after they leave, it is possible your business could be included in a claim for damages. The good news is that your firm's commercial general liability insurance will respond to the claim on your firm's behalf provided your firm is not in the business of selling, distributing or manufacturing alcohol.

Businesses at risk of not having insurance for this loss might include restaurants, catering services, bars and pubs, and food/beverage distributors. If your business fits one of these categories, you must obtain a separate insurance policy to cover your risk. ■

Insuring Portable Equipment

Are you like many businesses that issue laptop computers and other portable electronic devices to workers? If so, are you aware that the standard business property insurance policy includes only a minimal amount of coverage, usually \$2,500 or less, for this type of property while away from the premises?

It is important to make sure employees understand the importance of safeguarding this kind of property. A good way of accomplishing this is to create a simple "use policy" upon issue. Such a policy should include:

Make Sure Your Business Rental Is Insured

It's unavoidable—at some point one of your company vehicles will break down and need maintenance. Because you can't afford to do business on the garage's time, you may decide to rent a temporary substitute for use while the owned vehicle is being serviced.

This situation poses a common question from business owners: "If I have to rent a vehicle to keep my business going while mine is in the shop, how will my business auto policy apply?"

Under a business auto policy, only the liability portion of the insurance would transfer to the temporary substitute. This means no coverage for

damage to the rented vehicle itself—damage for which you claimed responsibility when you signed the rental agreement!

Is it possible to insure this rented vehicle for damage under a business auto policy? Yes. The solution is to amend your policy to include the appropriate coverage symbol—in this case symbol 8 for "Hired Auto Physical Damage." An alternative would be to purchase the loss damage waiver from the rental company. Either method should keep you from violating the terms of the rental agreement and being liable for any damages. ■

Employer-Encouraged Carpooling

Increased emphasis on reducing mileage and fuel emissions has many employers agreeing to sponsor employee carpooling. Some go as far as to compensate employees for leaving personal wheels behind and participating in the pool!

Employers considering this measure should consider that, while the effort is positive, it does not come free of risk. Specifically, if there is an accident causing injuries, the employer could be included in the claim or suit for damages. If this happens and the employer is found to be legally liable for damages, there are three ways such damages could be paid. First, the employer could seek coverage under its business auto policy. In this case, the employer's policy must include coverage for non-owned vehicles. This coverage is not normally included automatically; therefore, employers should review their policy and request this coverage if not already obtained.

Second, an employer that does not have a business auto policy may be



able to purchase a separate non-owned auto liability policy.

Finally, the employer may choose to forgo insurance and pay for any damages including costs to defend a lawsuit out of pocket. Because there is no way to predict the cost of a liability claim, this option is very risky.

Remember, though, if you don't have any business auto insurance, option three is yours by default.

For more information about insuring against employer-sponsored carpool risks, give our service team a call. ■

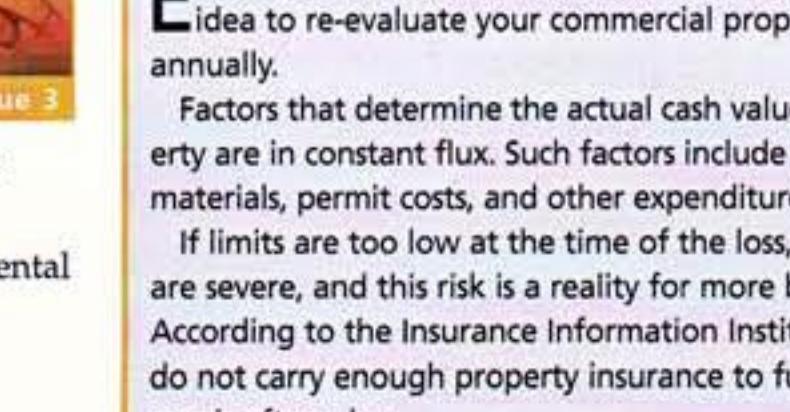
Prevent Water Damage to Your Building

Protecting your commercial building from invasive water damage requires some diligence, but early diagnosis of potential problems may be the key to keeping repair costs out of the four-figure range. This is especially important as most water damage claims resulting from poor maintenance are not covered by a commercial property insurance policy. *The Insurance Journal* offers the following suggestions to building owners:

Take a look at your ceilings, and not just those in the lobby, bathrooms and other frequently inhabited areas of the office, but also check storage areas, equipment closets, and stairwells. Discoloration—usually

brown or yellow spots—is symptomatic of a leaky roof and potential water damage.

Look under cabinets located



below sinks and check outside pipes for leaks or evidence of corrosion. Outside, gutters should be freed of debris twice annually. When was the last time

yours were cleared? As for the roof, check for warped shingles—these are often a sign that water is not draining off the roof properly and could be flowing into the building.

Installing a fire sprinkler system in your building is a tremendous step in safeguarding your assets. Unfortunately, system piping can corrode and leak, thus causing property damage to your building or, in a worse case, preventing water from flowing properly if there is a fire. Annual tests on control valves should ensure the system's functionality and can also help reveal leaks and corrosion that could cause water damage. ■

Re-evaluate Property Limits Annually

Even if your firm has not updated its business property in years, it's still a good idea to re-evaluate your commercial property insurance coverage at least annually.

Factors that determine the actual cash value or replacement value of your property are in constant flux. Such factors include price and availability of labor and materials, permit costs, and other expenditures completely out of your control.

If limits are too low at the time of the loss, the risk is a reality for more businesses than you might think. According to the Insurance Information Institute, more than 40% of businesses do not carry enough property insurance to fully cover the cost to rebuild or repair after a loss.

During a re-evaluation, we will help you look at all the factors involved in adequately insuring your business. Call us to schedule your review today. ■