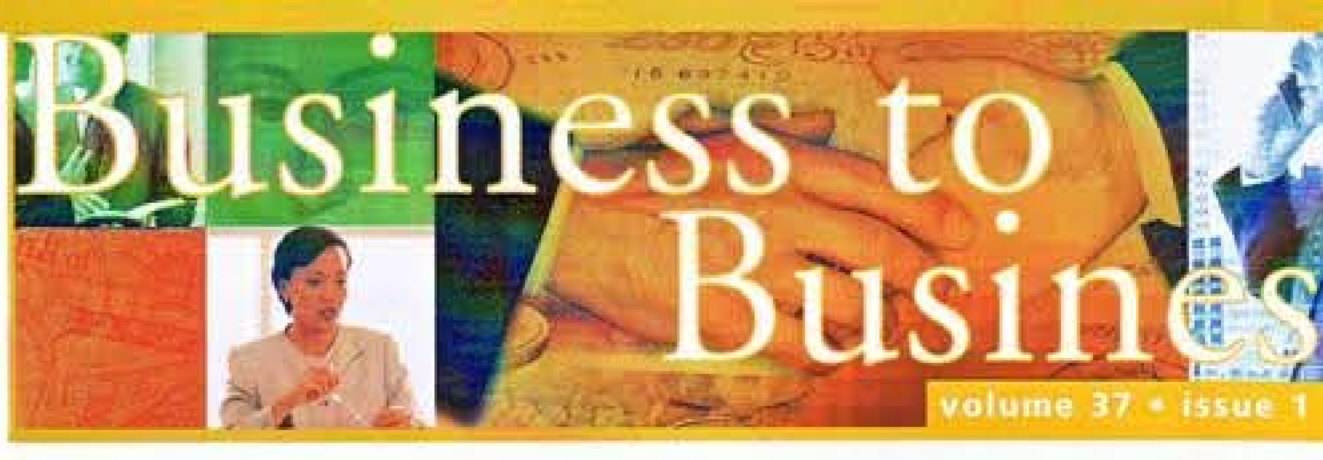


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## Rebuilding to Code Can Be Costly

Without ordinance and law insurance, a property owner can get hit hard by uncovered rebuilding costs that are elevated due to changes in local building codes.

Ordinance and law insurance is usually available as an amendment to your commercial property or business owner's policy. In addition to covering the increased costs of building to current codes, this endorsement covers those expenses associated with the portion of your building that is not damaged. For example, consider a $500,000 building that is 75% destroyed in a fire. Up to $375,000 of the loss is paid by the property policy for the damaged portion. But what happens when a local ordinance says that, because the building is more than 50% damaged, it must be totally destroyed and rebuilt from scratch? The only way the building owner will collect the additional $125,000 needed to rebuild the entire building, as well as the cost to demolish and clean up the 25% not directly damaged, is if ordinance and law insurance had been added to the policy.

Ordinance and law insurance can save your business a bundle if disaster strikes. For more information, give our service team a call.

## Tenant Upgrades to Leased Property Can Be Covered

Landlords are sometimes willing to negotiate favorable lease arrangements with tenants who make a significant investment in the landlord's property, such as the addition of custom furnishings, landscaping, etc.

If you are a tenant and have successfully negotiated a favorable lease in return for building upgrades, what would happen to your interest in the property if a loss caused your landlord to terminate the lease? Further, what would you do if no comparable lease could be found?

Insurance for this exposure, often called "leasehold interest" coverage, might be the best method of protecting your business from the effects of losing your investment in your landlord's property and the concomitant favorable lease arrangement.

For more information on this valuable coverage, call our service team today.

## Commercial Building Vacancies Cause Coverage Gaps


As the commercial credit markets have tightened, so has the use of commercial office space. Owners of office buildings are feeling the crunch.

Unfortunately, owners suffering from a lack of tenants have yet another issue to be concerned about—the vacancy condition in the commercial property policy. Specifically, the policy states a percentage of the total square footage of a commercial building that must be occupied to avoid meeting the policy's definition of vacancy. Further, if that percentage is not met for more than 60 consecutive days, the policy will pay only a portion of certain losses, such as fire, and completely exclude others, such as sprinkler leakage, water damage, vandalism and theft.

Most policies require that at least 30% of a building be occupied to avoid partial or total loss of coverage. Fortunately, many policies can be easily amended to lower this percentage, helping to protect your property during the time you need it the most.

For more information on your policy's vacancy conditions and available tenancy endorsements, give our service team a call.

## Check Before Agreeing to Waive Subrogation

Business owners often sign contracts with other entities, such as independent contractors, landlords or other businesses, requiring a "waiver of subrogation." In short, by waiving the right to subrogate, the owner states that, if the other party to the contract causes a loss, injury, or other specified damage, the owner and the owner's insurance company forgo the right to sue for damages. This additional layer of protection is an essential element in many contractual relationships.

There are many elements to a properly executed waiver of subrogation, and business owners are encouraged to consult a legal professional as well as their insurance specialist. Most common forms of business insurance allow such waivers, provided they are issued before the loss occurs. Only in rare circumstances will a waiver be accepted after a loss. An insurance company may request advance notice before the waiver is issued, so don't agree to anything without checking your policy first.

Before you enter into changes in your insurance status, consult with our experts for information that can help.

## Prevent Fraud Losses


The Association of Certified Fraud Examiners (ACFE) has some staggering news for small businesses: U.S. organizations lose an estimated 7% of their annual revenues to fraud. Small businesses are particularly vulnerable—$200,000 was the median loss suffered by businesses with fewer than 100 employees.

ACFE reports that check tampering and fraudulent billing are the most common schemes affecting small businesses. More than a quarter of all small business frauds involved check tampering.

ACFE says fraud prevention must be part of the business culture. A code of ethics should exist and be enforced and included as part of employee performance reviews; hiring must be preceded by background investigations; and employees should be trained to spot the warning signs of fraud and to report them. Owners need to conduct surprise audits of risk areas, such as financial or inventory departments, and if fraud is suspected, it is best to contact a certified fraud examiner (CFE) for help with an investigation.

For information on insurance protection from these and other common schemes, call our service team today.

## Checking Up on Your Provider

Insurance companies are currently regulated at the state level, and state insurance commissioners continue to emphasize that most insurance companies are in excellent shape. There are those, however, that get into trouble, and some of those fail.

Business owners interested in learning more about the financial condition of their insurance providers can turn to the following resources:

**Go to your state's department of insurance website.** An Internet search on the state name and the terms "insurance" and "department" should get you there—or at least close enough that a few more clicks will do it. The National Association of Insurance Commissioners also provides information on company health. Go to https://eapps.naic.org/cis to run a search on your company.

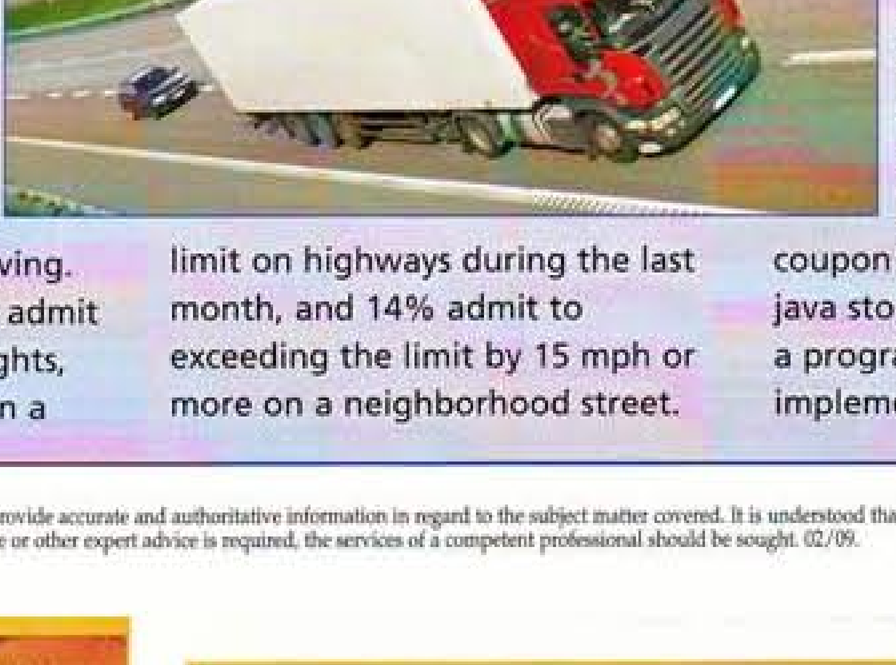
**The National Association of Insurance Commissioners also provides information on company health.**

**Visit the website of your insurance carrier.** Most insurance providers include financial information on their websites as well as contact information for provider representatives who will help you understand what effect current conditions could have on your insurance. Look for annual and quarterly reports and company ratings on the site.

**Call our service team.** Rest assured that our service team stays abreast of the financial condition of the insurance providers we represent (and many we do not). We will help you understand the financials of your providers and what, if any, effect they may have on your bottom line. Call us with any questions on your insurance.

## Driving Safely Is Good Business

Bad driving causes accidents and death, and even where it doesn't wreak havoc, it besmirches a company's reputation and puts an employer at financial risk. Are your employees a liability problem when they are behind the wheel on business?



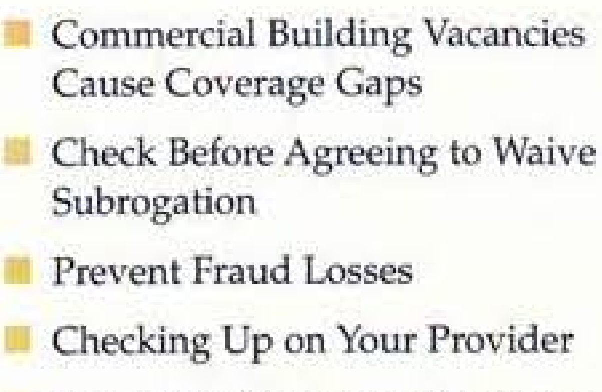
According to the American Automobile Association, more than 50% of drivers admit to talking on the cell phone while driving within the last month, and 14% admit to reading or sending text messages while driving.

More than half of drivers admit to speeding up at yellow lights, and 5% admit to having run a red light on purpose within the last month.

Almost 40% admit to having driven 15 mph or more over the limit on highways during the last month, and 14% admit to exceeding the limit by 15 mph or more on a neighborhood street.

Establish and enforce strict motoring guidelines for your business's drivers. Label business autos with your phone number and an identification number; these can be placed on magnetic plates for the rear of vehicles that are not owned by your business but are driven for business purposes. And remember to reward your good drivers at least once a quarter with "atta-boys" like certificates for auto services or an extra break and coupon for coffee at the local java stop. Reducing driving risk is a program any business can implement. Get started today!








## Small Pickups Might Not Be Best Choice

Business owners considering adding a small pickup to the fleet should proceed with caution. According to the Insurance Institute for Highway Safety (IIHS), only one of the five small pickup models—the Toyota Tacoma—received a rating of "good" in side-impact crash tests.

Small pickups have the highest driver death rate of any automobile segment. According to the IIHS, there were 116 driver deaths in small pickups per million vehicles registered in 2006. This compares to 106 in minicars and 42 for small SUVs.

The worst of the five models tested was the Chevrolet Colorado/GMC Canyon, receiving ratings of poor, acceptable, and marginal in the categories of side rating, frontal rating, and rear rating, respectively. For more information on the IIHS's ratings for small pickups, visit the website, www.iihs.org.