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Professional Insurance

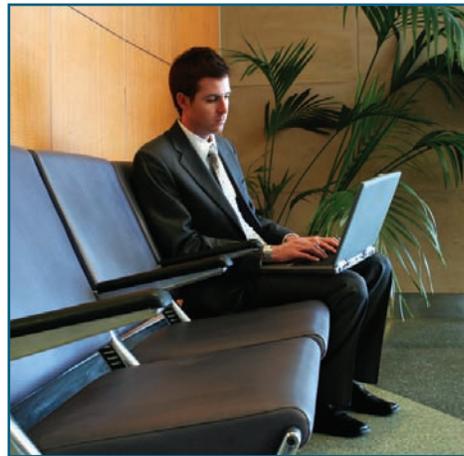


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Business Records on the Road

When it comes to protecting your business from errors and omissions (E&O) claims, there is no substitute for the practice of documentation. Yet many traditional documentation procedures fail to properly consider professionals who are constantly on the move.

Smartphones and tablets are now an established method of conducting business. With constantly expanding wireless and phone carrier access, there is no limit to where business can be done. The problem arises when you need to memorialize a communication from the road. The variety of contact methods and the unpredictable locations from which you do business make traditional documentation nearly impossible.



One possibility worth considering is to document phone conversations via dictation service. Such services allow mobile professionals to immediately document a conversation by calling a phone number and leaving a spoken record in the form of a voicemail. The voicemail

is then transcribed by the dictation service and e-mailed to the caller, providing a written record of the conversation.

Professional dictation services are continually evolving, are accessible through multiple methods and devices, and are usually available for a monthly fee. Such a service can provide a valuable tool for professionals such as doctors, attorneys and salespeople who understand that solid documentation procedures are paramount in avoiding costly E&O claims.

Employee Performance Reviews

Employee evaluations are an essential method of receiving and providing feedback in a professional, consistent manner. Evaluations should be conducted in a comfortable, unthreatening environment, and both parties involved should be encouraged to speak freely.

A sad fact is that far too many employers still rarely or never conduct evaluations and, as a result, lose what is generally accepted as a fair opportunity to inform the employee

of changes that should be made or areas of concern with that person's employment. The absence of a universal evaluation procedure makes the process of handling sensitive employment issues that much more difficult.

If you are not already doing so, decide today to develop and implement a formal, consistent, documented evaluation procedure. Doing so will improve your workplace and employee relations and help reduce your exposure to allegations of employment practice wrongdoing.

A Litigious World



High-profile lawsuits overseas have the leadership of companies with global operations taking a second look at their directors and officers (D&O) liability insurance.

Examples of directors who are vulnerable include board members of companies domiciled in the U.S. with international operations; Americans serving on boards of companies not located in the U.S.; and U.S. citizens serving as directors of foreign companies and their subsidiaries anywhere in the world.

In some countries, even D&O insurance policies that don't have any territorial restrictions will not hold up against local laws. Local subsidiaries could be forced to pay losses, or, in some cases, claims could be denied, leaving the personal assets of directors and officers at risk.

If your business operates globally or is looking to expand overseas, it is essential that you review your D&O coverage.

No HR Department

Human resources professionals are trained in hiring and termination procedures structured to adhere to state and federal employment law. Unfortunately, not every business has an HR department to handle hirings and firings. Often, such duties are handled by managers or employees with no formal training, and that can create problems.

For example, a manager not trained in human resources may not know that it is discriminatory and illegal to question prospective employees about drug abuse, disabilities or medical history. Regardless of how relevant this information may seem, businesses must understand that

certain information is protected by law; failure to adhere to this standard can lead to an employment practices liability claim.

Avoiding employment practices liability claims takes training—training many non-HR professionals never receive. And even the best-trained can still make mistakes.

An employment practices liability insurance policy is designed to protect your business from losses due to claims of harassment, discrimination, wrongful termination, and other employment acts. With today's broad and complex regulatory definitions of employment practices wrongdoing, all businesses would be wise to consider this valuable coverage.

Your Good Name

Results from a global risk survey of business owners conducted by a major insurance brokerage indicate that “damage to reputation” is the fourth-greatest risk management concern of companies worldwide.

If that is true across all businesses surveyed, how much higher might that threat rank for professional firms whose reputation among prospects and clients is often critical to success?

Yet while many professional firms have insurance in place for other more common risks, many have failed to insure against the loss of, or damage to, their reputations. For example, you likely already have coverage in place for injury to workers (ranked No. 17 on the survey), physical damage to property (No. 21) and professional liability (No. 27).

Not all potential causes of damage to your firm's reputation are necessarily insurable, but more and more insurers are carrying products that assist with reputational crises. Those typically cover managing a response to a crisis, paying for legal aid, and mounting a media campaign, but there can be other benefits, depending on the insurer chosen.

If your reputation is your lifeblood, contact us to see if there is a policy out there that meets your needs.



Bundling: Friend or Foe?

Smaller professional firms understand that there are insurance products—beyond those required by lenders, regulations and licensing—that would benefit their business.

However, concerns that these additional products are unaffordable often keep them from adding coverage.

One possible solution is bundling. Basically, insurance companies combine (or “bundle”) several different types of coverage, often at a significant discount. Types of coverages offered via bundling may include commercial crime coverage, employment practices liability insurance, fiduciary liability coverage and directors and officers liability.

Among the clear advantages of bundling are:

- The convenience of purchasing more coverage from a single provider
- The ability to obtain additional coverages often overlooked or not readily available as a stand-alone policy
- Potential discounts
- Easy administration of multiple coverages within a single package.

There are potential drawbacks as



well. One key downside for professionals counting on a bundled coverage package is that the policy limits may be shared among all the coverages. While this can result in a premium discount, it also means that policy limits can be drained by one part of a

claim leaving little or no coverage for other losses associated with that claim.

For more information about the potential advantages to bundling for your firm, while avoiding any major downsides, talk with our service team today.

Defense Costs Outside Your Limits

Sometimes when firms are targeted with allegations of wrongdoing or neglect, they also become embroiled in a lawsuit that requires costly defense counsel. Attorneys fees can add up quickly and eat away at insurance limits, or the amount available from the insurance company for payment on a claim. That means that, if you carry \$1 million in insurance coverage per occurrence and your attorneys use \$200,000 to defend you, you will have only \$800,000 left to cover any penalties or restitution

the court assigns to you.

One option to protect those limits is to get a sub-limit that is specifically designated to pay

One option is to get a sub-limit designated to pay defense costs without touching your overall liability payment limits.

defense costs without touching the policy’s overall limit of liability. The main policy’s limit would become

the source for defense costs only after that sub-limit gets used up. Additionally, this sub-limit, usually called “defense costs outside limits,” typically protects your total aggregate limit, not just your per occurrence limit.

Such a sub-limit is added to your regular policy with an endorsement that stipulates the amount of your defense costs coverage outside of the limits of your insurance policy. It will often also state other duties of your insurer and restrictions on its payments, so read it very carefully.

401(k) Selection and Administration

Thank you for your referral.

If you're pleased with us, spread the word! We'll be happy to give the same great service to all of your friends and business associates

Employers should understand the fiduciary liability exposures present when providing 401(k) plans to employees. For example, here are a few potential areas of litigation:

- Plans must be operated for the exclusive benefit of participants. Plan assets cannot benefit the employer.
- Screening and selecting vendors is a fiduciary act; employers who don't use a rigorous search process increase their liability.
- Investments must be monitored on an ongoing basis to ensure they remain suitable.
- Fees and expenses paid for the managing or investing of funds must be reasonable.

Fiduciary liability insurance addresses the discretionary decision-making process of those responsible for administering the 401(k) and other plans. Without it, your company and its plan managers could have a serious gap in their protection against claims having to do with the administration of your financial benefits plans.