



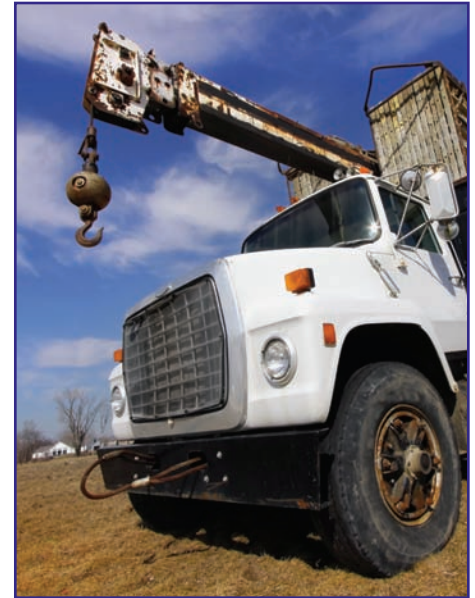
## Employee Auto Accidents on the Job

If your employees use their own autos in work-related activities, there could be a coverage gap looming. The gap appears when that employee is involved in an accident and both he and you, as the employer, are brought into the claim for damages.

Here's how it works: The employee's personal insurance will cover him and your company up to the policy's limits. If more money is needed, your business auto policy will kick in on an excess basis. It will cover you, provided the policy insures "non-owned" autos. Unfortunately for your employee, it will not cover him on an excess basis. This is because the actual owner of the "non-owned" vehicle is not covered.

The problem gets worse for your employee. Your business auto insurer could seek recovery from him for his negligence in causing the accident.

There are ways to protect your employees by closing this gap in your business auto policy. For information, call our service team today.



### 'Whichever Is Less' Provision

You bought a piece of equipment and insured it for a "stated" amount of \$10,000. The equipment is damaged in a fire and must be replaced. The insurance company adjusts the claim and gives you a check for \$7,500, saying that equals the actual cash value of the equipment at the time it was damaged.

But wait a minute. Didn't you insure it for \$10,000? If so, why didn't you receive a check for that much?

This is a common scenario with contractors insuring equipment on a "floater" or inland marine policy. The reason for the lower payment is that many such policies say they will pay the stated amount, cost to replace, or value of the equipment at the time of the loss, whichever is less.

Is this what your policy says? If that language doesn't reflect what you need, there could be a way to work with your insurer or find an additional enhancement to your policy to bridge the gap. Call us to discover your options.

## Customized Business Autos



Maybe you added better wheels and tires to your work vehicle for easier off-road use. Maybe you've attached heavy machinery to the vehicle to make it more effective for certain types of jobs. Or maybe you've had it customized in some way to reflect your firm's brand.

Regardless of the type or reason behind customizing your work vehicle, the issue with insurance is the same: Most vehicle insurance policies provide little or no coverage for the added cost of customization if the vehicle is damaged or stolen.

Think about the cost of customizing your vehicle. How much did it cost to add that equipment? How much was that paint job? The dollars add up quickly; shouldn't you be sure your insurance coverage is amended to cover the value of the improvements?

Most business auto insurance policies can be easily amended to cover customized additions. Call us to discuss adapting your insurance.

## Liability Limits Can Be Extended

When choosing an insurance policy, one of the main questions is the amount of liability you want your policy to pay for. Of course, the higher the coverage for damages and injury, the higher the premium. There has to be a balance between reasonably expected risk, what you are willing to pay for yourself, and what you think would be an adequate payment from the insurer. The amount shared with other contractors on a job also has to be factored in.

It's important to remember that your limit is just that—the limit of what the insurer will pay; actual damages could be much higher. It may be the case that you want higher limits than your insurer offers under your policy type. In that situation, you can consider purchasing higher limits of liability through an excess liability or commercial umbrella policy. These options may provide the opportunity to purchase much greater coverage limits for an additional, but not unreasonable, cost.

**You can consider purchasing higher limits through an excess or umbrella policy.**

## Certificates Are for Information Only

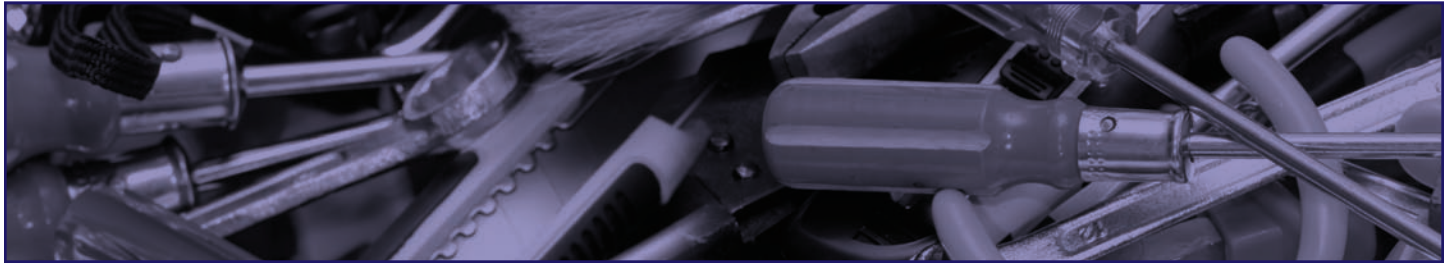
Contractors often need a certificate of insurance to prove they have the coverage needed before beginning a job.

A certificate of insurance provides a third party with material proof of your insurance coverage and its monetary limits. It is not capable of modifying coverage in any way; only a change to the actual insurance policy can do this. The certificate also doesn't guarantee that the policy will stay in effect throughout the course of the project for which it was requested.

If you are receiving a certificate of insurance from a sub, remember that the issuer of the certificate will probably not notify you of any changes to your sub's insurance policy after the document is issued, even if the policy is cancelled. Check wording in your contracts carefully and follow through on monitoring your own and your subcontractors' needed insurance.







## License Bonds May Be Required

If your firm is soliciting jobs in another state, you might find that the state you want to work in requires contractors performing residential work to obtain something called a “license bond.”

The purpose of a license bond is to offer assurance to the homeowner that you will perform operations according to state laws and regulations. Claims against a license bond are made if the contractor fails to meet local ordinances or codes. It also covers cases of financial misconduct.

Two types of license bonds are typically available. A single-capacity bond sets a dollar limit per job, and an aggregate capacity bond sets a total limit for all of the jobs the contractor can perform at once.

For help in securing a license bond, give our team a call.

## Employee Theft

Employee theft is one of the most pervasive crimes faced by business owners each year, according to the FBI.

While it’s hard for employers to imagine trusted workers as the culprit, statistics routinely prove that most theft losses are inside jobs. Some insurance policies cover employee theft; however, the coverage is typically limited. Others exclude the crime altogether.

Think about what is handled by your firm’s employees. Equipment? Materials? Accounts receivable? Now think about where it would leave your firm if an employee stole those items or manipulated your books for personal financial gain.

The risk is too great to ignore. Fortunately, there are various types of insurance designed to cover acts of employee infidelity. We’d like to show you your choices.

## Materials Kept At Home

Storing work-related tools and materials at home is one method used by contractors for convenience as well as saving money on expensive storage space.

If you store materials at your home, make sure you understand if and which insurance coverage will apply if the materials are damaged or stolen while kept there. For example, some commercial policies will not cover items that are stored at a residence or away from a business location. Most home insurance policies limit coverage for business items and materials kept at the home to \$2,500. Additionally, some types of materials, such as chemicals and fuels, are not covered by a home insurance policy at all.

Under all circumstances, keep a record of what you are storing so you can assist with valuation should you need to file a claim. Receipts and photos are very helpful. Additionally, consider some kind of method to secure the stored materials so they are not exposed to easy theft or damage.



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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

## Encouraging Side Jobs

If you've encouraged your employees to pick up some side jobs to make up for a downturn in contracts, you might also want to give them an insurance pointer: Your business insurance policies and workers comp coverage won't insure them or their work if you are not the contractor on the job—even if you recommend them or find them the gig.

Additionally, their own personal policies for auto and home won't likely cover accidents, thefts or injuries caused by or occurring during the course of such side jobs.

If you would like us to provide more information or help your valued employees obtain the coverage they need, give our service team a call.