



100 East Thousand Oaks Blvd. Suite 187
Thousand Oaks, CA 91360

P: 888.501.2747

F: 888.502.2747

E: info@csisonline.com



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Invalid Certificates of Insurance

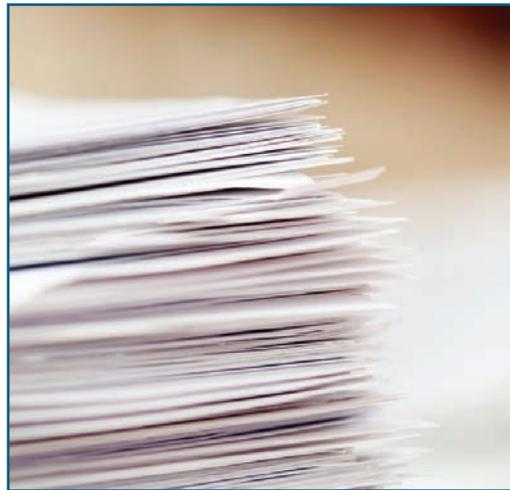
According to the Independent Insurance Agents and Brokers of America, there is a type of certificate of insurance request that may also represent a significant danger to your business.

In short, some organizations and government entities have begun insisting on using their own certificates of insurance in lieu of the more standardized ACORD 25 - Certificate of Liability Insurance form. These may create problems because some states have laws or regulations prohibiting the use of such forms unless

approved by the state department of insurance. Also, these forms may include wording implying coverages or rights that don't actually exist

under the policy, again violating the law in many states. To confuse matters further, many of these certificates are almost exact duplicates of the "ACORD standard" form(s), creating copyright violation possibilities.

The IIABA recommends you be very wary of these non-ACORD certificates of insurance. If a firm with which you do business insists on using one of these forms, contact us immediately. We can assist in verifying if the form can be used in your state or



specific situation and, if it can be used, what requirements must be met that may lead to delays in issuance.

Insurance for Leased Staff

Companies that lease staff from employment leasing firms need to be concerned with how their insurance coverage will apply to: (1) liability claims caused by the leased worker and (2) injuries to the leased worker.

The standard commercial general liability (CGL) policy extends liability coverage to the insured organization for claims resulting from the actions of an "employee." That definition includes leased workers and volunteer workers. However, business owners should take note that the policy does not extend coverage for claims arising out of the actions of a temporary worker. Thus, owners

should understand that, absent a contractual agreement with a leasing firm, coverage may not exist.

The CGL excludes coverage for injuries to employees. Such injuries are covered by a workers compensation policy. Upon entering into a leasing agreement, business owners should be sure to review the contract for wording on who (the owner seeking the staffing or the staffing agency) is responsible for covering the person's job-related injuries. If this liability falls on the business owner, an endorsement may be necessary to extend coverage for the leased worker.

Do You Need Cargo Coverage?



A company that transports its own property is particularly vulnerable to loss exposures. This is because most forms of standard property insurance significantly limit or exclude coverage for property while in transit. Thus, businesses that transport property should have separate insurance coverage, commonly called “inland marine.”

Don't be thrown by the name. Inland marine covers property in transit over land and waterways. An inland marine policy may cover risks such as fire, explosion, theft, delay, packing defects, and malicious damage, among others, for goods in transit.

Cargo insurance is a type of inland marine policy specifically meant to cover property in transit. A business might need coverage for a single shipment, or it might want to cover all transport of property over the course of a commercial policy's term.

If your business moves property daily from site to site, you might need a different type of inland marine coverage called an equipment floater. There are other types of “floaters” designed for specific types of losses, from art to jewelry to equipment. Your policy will depend on your business niche.

Preparing for Renewals

Everyone likes a good deal, even if it's on commercial insurance! To get the best pricing on your business policy—either a new or renewal one—try the following techniques:

1. Examine your worksite for risks that could lead to an insurance claim and make needed changes to reduce those chances. Employee safety, physical and data security, and improvements in inventory and property management can all reduce your insurance premiums.
2. Consider your ability to handle a higher deductible. If you have the resources to keep a fund of cash in reserve, you could save on the costs of your policy.
3. Think about bundling your coverages. A package policy might

meet your needs.

4. Scrutinize your claims history and make sure it is accurately represented to each insurer.

5. Do the same for your credit report. Some states permit the use of credit scores in determining underwriting, and a bad credit risk is often considered a bad insurance risk. Clean up any errors or disputes before applying for insurance.

If you have a security system or an upgraded fire suppression system, make sure your agent knows so that information can be included on your application. The same goes for special hiring practices and data security programs that reduce the potential for other losses due to theft or other employee risks.

Manage Your Cyber Risk

While large businesses may utilize highly sophisticated security methods to try to keep hackers out of their data files, small businesses and individuals typically rely upon WPA (Wi-Fi Protected Access) combined with PSK (pre-shared key), or as the approach is commonly referred to in the technology world, WPA-PSK.

For years, many small businesses felt basic WPA-PSK protection was just fine and assumed that cyber crooks were focused on only the largest entities with the most to steal. Unfortunately, criminals have broadened their horizons and are now regularly targeting small businesses.

The most effective solution may be better use of existing WPA-PSK options. From security experts, here are a few tips for small businesses:

- WPA allows password sequences up to 63 characters. How long is yours?
- Avoid using words that appear in common dictionaries.
- Accomplish the no-dictionary rule by including a good variety of symbols, letters and numbers.
- Change the password monthly, if not weekly.

Of course, a safety net is always a good backup as well. Many insurers offer cyber protection in their product line. Often, a policy can be found that meets small and mid-sized businesses' needs at an affordable premium. Call to discover your options.



Theft of Employee Property

Imagine this: The fire alarm at your office goes off during a meeting, and employees hustle out, leaving handbags, smartphones and other personal effects behind.

While everyone congregates at the pre-planned emergency meeting place outside the building, the thief who pulled the alarm scarfs up purses and valuables from as many work stations as possible, sneaking away while the fire department arrives. Upon re-entering, employees realize what has happened. They turn to you, and you turn to your business property policy. But will it pay?

A standard commercial property insurance policy will extend coverage provided for business personal property to the personal effects and property of others.

However, there are two very important limitations:



First, coverage for personal effects and property of others has a sepa-

rate coverage limit. Without endorsement, the standard commercial property policy has a limit for personal effects and property of others that may be significantly less than the business personal property limit shown on the declarations page of the policy.

Second, the standard commercial property form coverage extension that covers personal effects does not apply to theft.

To cover theft or higher-value losses, you need more than standard coverage. A suitable policy is available through most business insurers, though, so give your agent a call to discuss adding the right endorsement for your business.

Product Recalls Hurt Third Parties

If a business is hurt by the recall of a key product it sells or a key component of its operations, it can look to the manufacturer of the defective item for recompense.

The recall of a business machine because of safety concerns may be necessary to protect the public, but what happens to the businesses that can't operate without it? Think of copy centers that have to pull printers because of fire hazards or warehouses that have to park their forklifts. The list can go on and on, and the loss of business income can be substantial.

Retailers that specialize in a certain niche could lose millions as a result of recalls of key products; for instance,

baby stores that sell formula, toys, car seats, cribs and the like. And it's not just the big-name stores that take a hit. Boutiques and mom-and-pop shops

Think of copy centers that have to pull printers off line or warehouses that must disable forklifts.

really feel it when recalls drive customers away or bring them in for their money back.

The good news is that quality manufacturers usually carry product recall

insurance. There are two parts of that insurance, and both have some protection for third parties. Coverage A pays for, among other things, the cost of shipping the recalled items back. Coverage B pays for damages that the retailer, distributor or customer suffers from the recall. Those include, but aren't limited to, expenses related to the recall, business interruption losses, and the cost to purchase substitute goods to replace those recalled. A business may even be able to recoup costs if its reputation is damaged by the defective product.

If your business makes and distributes products whose recall could harm a customer or third-party business, you need product recall insurance.

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

Closed Due to Equipment Failure

During the depths of winter, many businesses have to crank the heat. But what happens when the boiler blows or any of your critical machinery goes down? Worse still, what if it does damage to neighboring properties?

Boiler and machinery insurance is a category of policies that address equipment breakdown and damages to your property and others' property caused by covered malfunctions. They cover many kinds of equipment used in businesses small to large—equipment such as air handlers, refrigeration systems, ovens and heating units.

In many boiler and machinery policies, part of the premium goes toward regular inspections of the equipment by qualified professionals. The coverage can be found as a separate policy, or sometimes it can be added to a package of other property/casualty insurance. It is a valuable, though often overlooked part of a complete insurance portfolio.