

## Seasonal Business Vacancies

As freezing weather subsides across much of the U.S., snow lovers are filtering back into their own warm communities. Seasonal businesses that depend on winter-loving residents and visitors will stow away goods, send workers home and wait until the cold weather returns.

As these businesses go into hibernation, empty stores and suites can dominate the commercial real estate landscape. For this reason, building owners should remember that important insurance coverage is compromised when a building meets policy

vacancy definitions for a period of 60 consecutive days.

Know the answers to these critical questions:

- What does the insurance policy consider “vacant”?
- Is coverage limited for all types of losses or just those that increase when a building is vacant?
- Will tenants that occupy a small portion of the building, but not enough to



nullify vacancy, be affected?

For more information on business unit vacancy, call our service team today. ■

## Cutting Liability Coverage

**H**ave your cost-cutting endeavors led you to lower or consider lowering your product liability insurance limits? If so, proceed with caution.

Your products are still out there, and there is no way to predict if or when one of them will cause bodily injury or property damage or to what extent you may be judged negligent. Inadequate insurance coverage could result in crippling expenses come claim time.

Additionally, new liabilities are always emerging. From toxins in toys

to faulty imported building materials to contaminants in food ingredients, there are constant reports of injurious components being unknowingly used in otherwise reputable products. As new products and procedures change the way we manufacture and what we sell, the next major liability issue could be closer than you think.

Let us help you evaluate your liability exposure and find ways to save on insurance without losing critical coverage. ■

## Repairing to Code



In cases where property damage requires extensive repair or replacement, current local and state building codes can drastically increase the cost to rebuild a damaged structure.

Building owners should expect several commonly mandated upgrades, including fire suppression; distance from roadways; electrical improvements; adjustments for access for the disabled; and construction techniques designed to withstand specified conditions.

Unless it is adequately amended, a standard commercial property policy will not pay increased costs associated with code compliance. We can help. Our service team can show you potential amendments for your property insurance to help pay these additional expenses. For more information, give us a call. ■

## Social Media Defamation Suits

It was only a matter of time. July of 2009 may have seen the first defamation lawsuit filed in response to a single “tweet.”

The post in question stated: “Who said sleeping in a moldy apartment was bad for you? Horizon Realty thinks it’s okay.”

As a result of those words, Horizon Group Management sued the person who shared the tweet with just a few dozen followers through Twitter, one of many popular social media networks.

The case confirms the worst fears of legal counselors everywhere who remind users that social media networks, if used improperly, can cause expensive claims of defamation. Defamation consists of false statements, visual depictions or gestures

that harm another’s reputation, according to the Media Law Resource Center. Libel is written or broadcast defamation, while slander is verbal.

Do employees of your firm use social media outlets to communicate with employees and customers? If so, your firm could be on the hook for an expensive defamation claim. Start by making sure your employees understand the risk involved. Have someone in charge of reviewing all social media communications frequently so any in question are quickly removed and rebutted if necessary.

Also, call our service team. We can help you determine if your firm’s current liability insurance plan covers claims of libel and slander in social media or if additional coverage is needed. ■

## Insure to Value

When was the last time you checked to see if your building is insured to value?

Studies show that increases in building costs since 2004 are responsible for leaving more than 70% of commercial buildings underinsured. An underinsured building is at risk of a reduced payment after a claim as a penalty to the owner for failing to carry sufficient insurance.

You can avoid that penalty by re-evaluating your property. Ask your insurance agent for assistance in determining an adequate insurance-to-value estimate. You often can amend your insurance policy with an agreed or market-value clause. Other amendments may be available that allow you to replace the existing structure with a less



expensive functional equivalent.

Your insurance agent can help you determine the best way to structure your commercial property insurance so you will get what you expect to receive if you suffer a property loss. Give us a call to find out more. ■

## Vehicle Use Policies

Saving your firm thousands of dollars in auto liability claims starts with an effective vehicle use policy.

Employers should consider formalizing a safe-driving policy to be signed by all employees. This policy should include an agreement on seatbelt use, adherence to all driving laws and zero tolerance for driving under the influence of any substance, including legally prescribed drugs. It should also include a section on cell phone-use laws in the states where employees will be operating vehicles. Even in the absence of such laws, employers should strongly consider including

language prohibiting the use of cell phones while driving.

Employers should provide written notice that cars furnished by the company or rented for business use will not be covered by the company's insurance if the accident occurs while being used for personal reasons.

Further, employees should furnish evidence of personal auto insurance, and employers should consider requiring them to carry high liability limits. The Insurance Information Institute recommends at least \$100,000 bodily injury coverage per person and \$300,000 per accident.

While employers often review motor vehicle records of job applicants, many do not look at those records at any time after hiring. Employers should inform employees in writing and receive consent that record checks will be run periodically; then, they should order the reports from the state department of motor vehicles. Employers should also provide in writing to all employees a list of disciplinary actions, such as having business driving privileges suspended or revoked, if motor vehicle records reveal problems or if an accident occurs during the course of employment. ■

## Business Income After a Shutdown

For small businesses, particularly those with fewer than 20 employees, disaster planning often comes in low on the priority list, says Mark Lupo in the *Disaster Recovery Journal*. There are too many other competing priorities in the day-to-day running of the business.

But when disaster does strike, these businesses are left particularly vulnerable—not necessarily in property or liability coverage but often in business income coverage. When a business has to shut down, there's no money coming in to pay the bills. Of small-business victims of disaster-based closures, 25% or more never re-open. Of those that do, many are bankrupt within a year.

Business income with extra expense insurance activates when your business is incapable of operating due to most types of disas-

ters. It covers net income that would have been earned as well as continuing, normal operating expenses, including payroll, during a period of business suspension and restoration caused by a covered, direct physical loss of or damage to



property at insured premises.

The "extra expense" coverage will pay for expenses that you would not normally incur but that are necessitated by restoration efforts due to a covered loss. Oftentimes, depending on the pol-

icy language, that money can be used to move operations to a new location or to rent equipment needed to keep the business going while in temporary quarters.

There are limitations, so be sure to note what isn't covered. Ask your agent about loss of inventory data and other computer files. Those might not be covered. Also inquire about externally caused delays. For instance, your business has been restored, but the phone lines or street parking or cable internet hasn't been repaired yet. Make sure you understand what those external delays mean for your business income.

Your best first step is to consult your insurance professional. Our team can assist you with the information you need to construct a solid disaster recovery insurance portfolio. ■

**Thank you for  
your referrals.**

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.

## Leasing Equipment

**L**easing equipment has its advantages. It can free up funds that would otherwise be tied up in updating and disposing of equipment; it can provide flexibility in duration of "ownership"; and it can even help bolster your credit record. Leasing is an effective cost-cutting measure for firms across most industries.

If your business plans to lease equipment, your insurance agent should know. Most lease agreements require some degree of protection for the hardware, often in the form of adequate insurance from the lessee. Leased equipment is addressed separately in most commercial property policies, and you might need to amend your coverage to honor the terms of the agreement. ■

---