



What If Your Subcontractor Is to Blame?

Say your business secures a contract that requires work to be performed on the client's computer system. Your most trusted employees are on other assignments, so you deploy a subcontractor—one you've used before—to do the job on your behalf. A few weeks later, you are contacted and informed by the client that money or other assets have disappeared and your contractor is the suspect.

Your business may be responsible for paying financial losses caused by a contractor whose services were secured by you. Unfortunately for many businesses, most standard liability insurance policies will not

cover fraud or theft caused by an employee or contractor. To cover such a loss typically requires an employee dishonesty (sometimes called "fidelity") insurance policy or bond.

Depending on the nature of the work performed, this insurance policy or bond may be required by the client before work is allowed to begin. In any case, securing this protection is a wise choice for the owner of any business that is given access to a client's premises where



property, money or other assets may be accessible by employees or contractors.

Safe Social Media

Many businesses utilize various social media tools to engage with customers. Even those that choose not to use such tools at the company level usually have employees who use them. In short, safe usage of social media tools (e.g., Facebook, Twitter, etc.), whether for personal or commercial use (or both), is an important message that employers should take seriously.

For example, does your business currently have a policy concerning what the company considers safe and acceptable use of such tools when engaging with the company's customers? A best practice is to give employees a written statement that, at a minimum,

states that any discussion of company business, even if through a personal account, is representative of the company.

Are employees trained on adequate protections for their accounts to defend against information being compromised? Recognizing scams and properly utilizing social media tools' privacy settings are a good start.

Never forget computer security. Unfortunately, social media tools provide yet another avenue for malware to infect computers and in some cases an entire network. Keep this in mind should your business allow employees to access accounts from workplace computers.

New Overtime Rules Effective Dec. 1



Effective Dec. 1, 2016, changes to overtime pay regulations implemented by the Department of Labor (DOL) may result in higher costs and/or workflow changes for millions of employers. The new salary threshold for overtime exemption will more than double, from \$23,660 to \$47,476.

There are several other nuances to the rule changes, and those—as well as tips for employer compliance—can be reviewed in detail on the Department of Labor’s website: www.dol.gov.

Initially, errors in adoption of the DOL’s new rules will likely be widespread for large and small businesses alike. Such errors may result in wage and hour claims against the business. Further, employers looking to cut costs as a result of the changes could be subject to claims of wrongful termination and discrimination.

These DOL changes should prompt an immediate review of your business’s employment practices liability insurance policy. Further, businesses currently operating without such insurance should consider the financial consequences of a wage/hour claim or lawsuit. To schedule a review of your business’s policy or to obtain information about securing this important insurance, call your insurance agent today.

Guard Your Business Revenue

If you have a physical location that is essential to your business, a natural or man-made catastrophe, such as a fire or storm, could damage your premises and stop your revenue stream.

Business interruption insurance can protect you against a disabling loss of income. It functions like disability insurance for your business and can be used to compensate for income lost due to covered damage. It can also pick up the tab for expenses such as payroll that will continue even while the business is closed.

This insurance can also be used to front the bill for expenses incurred

to keep the business operating—such as rent at an alternative location—while the primary location is under repair. Further, many such policies also include coverage for a slowdown in sales due to damage at the physical location of another business. For example, consider the financial consequences to a restaurant that cannot offer a top-selling food product due to fire damage at the product wholesaler’s warehouse.

If you have a brick-and-mortar shop for your business, talk to your agent about your options for income protection under a business interruption policy.

The Gig Economy and Your Insurance

Over 10 million people are members of the “Gig Economy,” a term used to describe the evolution of income sources typically obtained through Web-based platforms. Ride-service companies and short-term home rental services are among the most popular choices, but “gig jobs” also include many other job-for-hire services.

Personal insurance typically doesn’t cover these jobs and could lead to serious losses and confusion, with special concerns for employers of individuals participating in the sharing economy.

For this reason, employers may wish to seek guidance on how to properly educate employees as to where the company’s insurance coverage begins and ends. For example, if an employee is on the way to a conference for work and switches on his Uber app, picks up a fare on the way and crashes, injuring the passenger, will he be able to make a claim under his workers compensation coverage? Who covers injured parties or third-party property damage? How about the employee who travels on business and opts for Airbnb accommodations instead of a hotel and then causes property damage or is injured because of the homeowner’s negligence? Talk to your agent about business protections for claims related to the Gig Economy that affect your business before an incident catches you off guard and uninsured.



Protect Your Business From Ransomware

“Ransomware,” a type of malware used by hackers to encrypt victims’ files and unencrypt them only after a ransom has been paid, is on the rise.

Often, hackers will threaten to delete the files if the ransom is not paid in a timely manner. Due to the sensitivity of much of the data, businesses often choose to pay instead of take a hard line.

Fortunately, there are steps a business can take to combat becoming a victim of ransomware. Consider the following suggestions from a recent post by General Dynamics Commercial Cyber Services:

- Look out for phishing emails. Train employees on the danger signs of such emails. If you are not comfortable identifying such emails, consider seeking assistance from your network security provider.
- Avoid enabling macros. A way to help do this is to use an attachment previewer, such as Outlook, before downloading and opening an attachment.



- Update Software. Keep on top of software updates and patches since some malware relies on software application bugs.
- Back up files. Many businesses have been hit with ransomware but did not pay and were able to stay online due to backups being in place.
- Segment the network. By segmenting your network, you can limit

the number of resources an attacker can access. For assistance, contact your network administrator.

- Limit time logged in as an administrator. Stay logged in as an administrator as briefly as possible to avoid giving an attacker even more access to systems and accounts. Log out before resuming normal work activities, such as checking email or opening documents.

Shipping/Cargo Insurance

A shipment of items from your business that disappears en route or arrives damaged is certain to leave both you and your buyer frustrated. Further, the buyer is less likely to pay for the shipment, meaning all that work to produce and pack the shipment is for nothing. In addition to the immediate financial loss, your business is left scrambling in hopes of maintaining a relationship with the buyer.

Many businesses big and small face this exposure but are unaware of what can be done to prevent significant financial loss should it occur. Further, many businesses assume everything is the shipping company’s fault and

should be covered by that company’s insurance. Unfortunately, this is not always the case.

Even for small businesses, it’s essential to understand what

Many businesses assume losses should be covered by the shipper’s insurance.

insurance the shipping company offers and when its coverage begins and ends. For example, will its insurance cover damage to your items while sitting in a warehouse waiting to be loaded? Will its insurance cover

acts of theft or vandalism? If there are significant gaps in the shipping company’s insurance policy, it may be possible to close them with a separate cargo insurance policy.

If your items arrive damaged, the shipping company might deny fault, claiming they were damaged due to improper packaging by you. Create a workflow that includes taking pictures/video of the packing process to use as evidence if needed.

Record dates, times, label numbers, photos and any other information that may be required by your insurance company should something happen to your items in transit.

General Liability Is an Essential Coverage

Many businesses purchase general liability insurance for one reason: they are required to by another person or entity, such as a contract partner or landlord. Even if you are not required to purchase this insurance, you should.

Here are some of the protections it provides:

- Coverage if your business is responsible for damaging another business's or individual's property
- Coverage if a customer is injured while visiting your business's premises
- Coverage if an employee of your business accidentally causes an injury to another person
- Coverage if an employee of your business publishes content that is viewed as false advertising, libel or slander.

The term "coverage" as used above is not limited to payment for damages. If the business is sued, the insurance company also covers the cost of attorney fees necessary to defend the business and/or negotiate a settlement on its behalf. No business is too small to be sued, and simply incorporating or forming an LLC does not make a business immune from liability claims.

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happy to give the same great
service to all of your friends
and business associates