



Employee Liability in Work-Related Auto Crashes

Employees who use their own vehicles in the course of business may assume that the employer's auto insurance will protect them from any lawsuit or claim resulting from an accident occurring while on duty.

After all, why would employees agree to use their own car on business if they were left to manage the cost of an accident personally?

Here's the problem: while business auto policies protect the employer from loss in this situation, the policy does not extend coverage to employees



for their personal liability while using their personal autos for business. The employee is provided protection only under the employ-

ee's personal auto policy, and if those limits are not sufficient to cover the employee's share of the damage, the remainder will likely be paid from one source: the employee's pocket.

There are methods available to fix this problem, and our service team is ready to help.

If your firm's operations

involve employees using personal vehicles, give us a call today. ■

Fraudulent Business Invoicing

Question: What's the most common type of embezzlement scheme?

Answer: The creation of a fake corporation, according to David Holley, managing director and Boston office head of Kroll, a risk consulting firm. This "corporation" sends invoices to the main company while the fraudsters enjoy the spoils. "You dummy up some invoices, get those approved, sit back and wait to get paid," he said. "It's very basic."

Protecting your firm from fraud begins with the understanding that it can happen. Unfortunately, many business owners don't believe it's possible

in their firm. Further, once fraud is suspected, many don't know what to do. Business owners looking to combat this multi-billion-dollar monster can consult the Association of Certified Fraud Examiners (ACFE). The organization is committed to helping business owners identify common schemes and effectively prosecute perpetrators. Excellent resources are available at www.acfe.com.

To further protect your company, be sure your firm's insurance adequately covers the risk of loss caused by fraud. For more information, call our service team today. ■

Doing Business from Home



Ballooning rents, expenses, and threatening economic conditions are enough to make anyone want to stay home. In fact, that's what many entrepreneurs are choosing to do, according to the *Wall Street Journal*.

As tens of thousands of businesses in 2009 make the choice to operate from home to cut costs, owners must realize that home insurance is not designed to cover business-related risk. Most business exposures are strictly limited or excluded under home insurance; only a commercial policy will extend the necessary dollars to protect business property or defend liability claims against a business's operations or products.

The good news is that many commercial policies for home-based businesses can be obtained at less cost than a policy for a commercial location. If your firm is considering closing its commercial location and operating out of the house, call us to discover your options. ■

Implement Protective Safeguards

To control the risk of certain losses, insurance companies may include "protective safeguard" conditions in a commercial property insurance policy. Such conditions are designed to limit the insurance company's liability exposure if a loss could have been minimized or prevented had the "protective safeguard" been in proper working order.

For example, consider a property that is equipped with a fire suppression sprinkler system. In return for a premium credit, the insurance company attaches a condition to the policy stating that, if the sprinklers fail to function during a fire,

whether due to faulty or lack of maintenance, the resulting payment for fire damage will be reduced or eliminated.

While such a condition is beneficial to the policyholder from a rating perspective, it could be detrimental at claim time if the condition has not been met. The only way to know for sure is to examine the policy for such a condition and, if it exists, understand measures that must be taken to ensure compliance.

For more information about protective safeguard conditions and how they apply to your property policy, call our service team today. ■

Prevent Fires in Residential Dwellings

October is fire safety month and a good time for owners and managers of larger residential properties to take steps to mitigate fire risk and increase residents' awareness of home fires. According to the Federal Emergency Management Agency, fires in residential buildings are responsible for 825 deaths, 200 injuries, and \$33 million in property loss each year.

A majority of multiple-fatality fires occur in one- or two-family dwellings (81%), while 16% occur in multi-family dwellings, such as apartments, condominiums, townhouses, and row houses. Thirty percent of multiple-fatality fires in residential buildings are caused by electrical malfunctions (15%) and unintentional or careless actions (15%). Fires caused intentionally (12%) or by smoking (11%) also rank among the leading causes of multiple-fatality fires.

This month, have properties inspected to ensure that electrical, heating and fire alert and suppression systems are in proper working order. Eliminate



other hazards, such as dried vegetation accumulation on roofs and combustibles stored too closely to the property. Work with residents, as well, to inform them on fire safety. Consider posting signs or sending a flyer to occupants about in-home habits and fire escape routes and plans.

For more information on protecting your structure from increased fire risk this fall, visit www.redcross.org. ■

Reduce Risk at Vacant Properties

Office vacancy rates in many parts of the country currently exceed 10%, and things are going to get worse, according to the National Association of Realtors. Projected vacancy is expected to rise above 16% by the end of 2009.

Vacant buildings pose a threat to owners who rely on tenants to safeguard property and control exposure. Without watchful eyes, many identifiable risks go unchecked. Mold, water damage, theft and vandalism are just a few examples.

The picture gets worse. According to the National Fire Protection

Association, an average of 14,900 fires occur in vacant buildings annually, causing just under \$120 million in direct property damage. Additionally, some vacant buildings

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pose environmental concerns, such as properties vacated by firms that routinely stored chemicals or other pollutants on site. Building owners could be liable for cleanup if such

materials leak and contaminate nearby groundwater, natural resources, or other property.

Building owners must routinely inspect properties throughout vacancy to preserve property. Additionally, building owners should review insurance policies for information on provisions and restrictions of coverage that usually apply to vacant buildings.

For more information on risks associated with vacancy and tailoring an existing policy to—or obtaining new insurance for—a vacant building, give our service team a call. ■

When to Get Your Insurer Involved

Your firm's commercial general liability (CGL) policy covers your firm for the cost of bodily injury or property damage for which you become legally liable. Since legal liability often takes some time to determine, your policy outlines the steps you must take to help your insurance company provide for your defense.

Most policies state that you must notify the insurance company "as soon as practicable" of an occurrence or an offense that "may" result in a claim.

According to this language, the insurance company is requesting to be kept in the loop from the first indication that a claim may

be made, not once the claim is actually made. What if you receive a letter from an angry customer threatening legal



action if reimbursement is not made? What if you get an e-mail from a contractor requesting recourse for damages on a job-

site for which you are both responsible? Could these satisfy the terms: "may" result in a claim?

Prompt notice allows the insurance company more time to provide an adequate defense on your behalf. It also removes any possibility that the insurance company will deny payment on the basis that they were not notified "as soon as practicable."

Your firm's CGL coverage is too important to be left to chance. Understanding this and other conditions outlining your responsibilities when notified of a potential claim can be confusing. We can help. Give us a call. ■

**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.

Property Stored in Uninsured Buildings

Think that all the extra inventory kept in that old storage shed is covered if damaged or stolen? Assuming you'll be reimbursed for loss or damage to the stock overflow and old furniture that are stored in that building out back? Think again!

Many commercial policies restrict coverage for property located on your premises to the building(s) specifically described in the policy (there may be an exception if the property is stored in the open or within a vehicle). If that old storage shed or additional building out back isn't listed on your policy, you may be compromising coverage for the items kept inside.

Review your policy to make sure your stored property is covered, and give us a call with any questions. ■
