



Selling Your Commercial Building

According to realtor.org, commercial markets nationwide have been improving steadily. If you have made the decision to prepare your commercial building for sale, consider the following:

Will your building remain fully or partially occupied during the sales process? Or will you and/or tenants be moved out? The answers to these questions will have serious implications on the insurance covering the building. For example, a building that is substantially or completely unoccupied for a specified period of time (e.g., 60 days) is no longer covered for certain losses. Other losses may be covered at a reduced amount.



In preparing to sell, are you spending money on building upgrades? Improving the roof? Adding new flooring, windows or HVAC? Such upgrades could increase the selling price,

but proceed with caution. Make sure the insurance policy is updated so you don't face a reduced claim payment should the building suffer damage before the transfer of ownership.

Will you spend money on exterior improvements such as high-priced landscaping or repaved parking areas? Let your insurance company know what you

are planning to ensure adequate coverage is maintained or added to protect against a pre-sale loss.

Cyber Insurance Surges

Tired of the seemingly endless barrage of reports concerning vulnerability to cyber attack? You are not alone, according to a recent report from Marsh. While a variety of insurance policies designed to cover the expenses resulting from cyber crime have been available for several years, many firms have chosen to disregard them. It now appears that risk is no longer being ignored.

The number of U.S.-based businesses purchasing stand-alone cyber insurance increased 32% in the first half of

2015 compared to the first half of 2014. Furthermore, the limits purchased on such policies have risen more than 16% across all industries, and limits are now at an average of \$12.7 million. The sectors seeing the most substantial increases in number of firms insured are health-care organizations, educational institutions and power/utility companies.

Cyber insurance can be confusing. We can provide important guidance to get you the right coverage at the right price.

Drone Use Might Not Be Covered



The rapid increase of unauthorized drone sightings reported by the FAA is an indicator that the use of such equipment is on the rise. To control the dangers presented by a crowded airspace, the federal government is creating standards for lawful drone use to apply to both personal and commercial use. While some drones are used by hobby aircraft enthusiasts, many businesses are finding creative ways to incorporate their use. Examples include construction, land development, education and investigation services.

Wary of the exposures created by drones, many commercial liability insurance companies are significantly limiting or removing coverage for bodily injury and property damage caused by their use. Further, such policies might not address important exposures, such as personal injury, resulting from a violation of privacy.

It's unwise for a business incorporating drone use to assume that resulting losses are covered by general liability insurance. A policy from an insurance company that specializes in aircraft liability should be considered before the drone's first flight. For more information on insurance for this unique and growing exposure, call your insurance agent today.

Hidden Benefits of Commercial Property

A commercial property insurance policy may do more than simply pay for damaged or lost business property. For example:

Are you planning to put up (and eventually take down) boarding to protect building glass? Many property insurance policies will contribute to this potentially expensive cost.

Have you received a bill from your local fire department? Many communities charge property owners when the fire department is deployed whether or not their services are ultimately required. Many property insurance policies will cover some or all of this cost without requiring payment of a deductible.

Did an employee have damage to personal items while kept at your office? If the damage resulted from a covered occurrence, such as fire or water damage, many property insurance policies will provide limited coverage for personal effects owned by employees. Note that most policies will not cover theft of personal effects.

Have you made improvements (such as upgraded floors, doors or fixtures) to the space you rent? If so, you may be required by your landlord to insure those improvements against damage. Most property insurance policies will offer some coverage for damage to your improvements and betterments.

Understanding the “Value” of Your Property

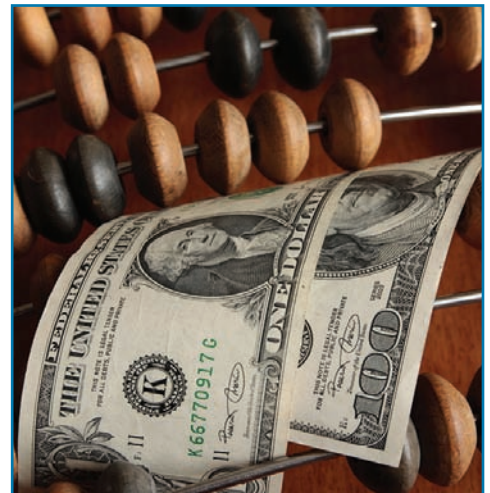
Replacement cost? Actual cash value? Agreed value? What does it all mean?

A look at your policy's declarations page (the policy summary page) should indicate its “value”—that is, how your insurer will calculate your payout after a covered loss. A majority of commercial property policies offer “replacement cost,” meaning the loss payment is calculated as the cost to replace the damaged items in today's dollars. Note that certain items, such as antiques, leased property and floor coverings, are not automatically valued at replacement cost.

Other policies offer “actual cash value,” often called “ACV.” Such policies typically calculate the loss payment in the same manner as “replacement cost” but include a deduction for depreciation. Age, wear and tear, and obsolescence can all contribute to an item's depreciated value at the time of damage.

A less common option is “agreed value.” This option allows for the property owner and insurance company to review the value of the items requiring coverage before the policy is finalized, reach an agreement on an amount of insurance considered adequate, and sign a policy in that amount.

While the three choices above are the most common, there are other valuation options that might better suit your specific insurance needs. For more information, give your agent a call.



Issues with Alcohol

A recent jury award in South Carolina provides further proof that, if you serve alcohol to an intoxicated person and that person causes an accident that injures someone else, you could be deemed a liable party.

A South Carolina bar has been ordered to pay \$3.85 million for contributing to a patron's intoxication, which led to an accident that killed a six-year-old child.

Even if you are not in the business of selling alcohol but provide it to guests at functions, you could be held responsible for resulting injury. Before your next function, consider the following:

- Hire a professional service to serve alcohol. Should you choose this option, require proof of insurance and consult your legal counsel concerning the application of a hold-harmless agreement with the service.
- Review your general liability insurance policy. Many general liability insurance policies will cover losses resulting from alcohol service,



provided you are not in the business of manufacturing or selling alcohol. Others might not, so review your policy before serving.

- Review your commercial umbrella insurance policy. Make sure this policy does not contain any exclusion for alcohol-related injuries.

E-Commerce Interruption: A Quiet Killer

For many business owners, the inability to access a physical workplace due to damage from a fire, wind-storm or other event may not inhibit the business's ability to earn income. However, a shutdown of that same business's e-commerce function would. This begs the question: Why do so many businesses focus only on insuring lost income due to damage to a physical workplace?

Interruption to a computer network—whether internal or external—caused by a virus, malicious code, utility shutdown or other reason can hinder earning income. Business owners relying on online services to collect

income for products or services could be left scrambling to find the source of the issue, find resources to resolve the issue and do everything possible to prevent customers from taking busi-

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ness elsewhere.

What contingency plans do you have in place should your primary e-commerce function cease service for

any reason? Those plans could include efforts to diagnose and fix the problem, capital backup to pay for such efforts, reserves to cover basic costs like payroll despite the lost income, and ways to serve customers during an outage—or at least notify them of the problem and route them to a backup service portal.

Business interruption insurance that deals with equipment breakdown, a cyber incident or utility failure is available. The question is, can you get the coverage you need at a price you can afford? Let us show you your options. There may be an easy solution you like!

OSHA Website Is a Treasury of Assistance

Business owners, have you visited the website of the Occupational Safety & Health Administration (OSHA) lately? If not, here's what you're missing:

Safety and illness protection tips. Regardless of the type of business you're in, OSHA has prepared materials to help your business stay productive in the safest and healthiest ways possible.

Labor law updates. Changes to these important rules occur at the state and federal level. Look for updates to requirements to ensure compliance.

Personal protective equipment. Review the latest technology and standards to ensure compliance and employee wellness.

Services. Review inspection information concerning your workplace and jobsites to ensure compliance.

Advice, statistics, videos, newsletters, interesting articles and examples of what not to do are all available and constantly updated for relevance. And did we mention that it's free? Take the first step to prevent serious workplace injury or illness from occurring: add a reminder to your calendar to regularly visit www.osha.gov.

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