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Peak Season Inventory Should Be Insured

It's back to school time, and businesses far and wide respond to the demands by increasing inventory and promoting services like hair coils for the kids and extra cafe lattes for mall-weary parents. If your business is one that has a peak season, consider amending your business property insurance to cover the temporary inventory bulge.

The business personal property or "contents" portion of your business insurance has a dollar limit that probably reflects your average inventory and often doesn't account for or adjust to that isolated time frame when you bulk up your inventory.



That limit is what the insurance adjuster will base your payment on if a loss occurs. If a loss happens during your peak season and the value of your inventory exceeds the dollar limit of your policy, a portion of your loss would not be covered.

Adding peak season insurance is like a booster shot to your policy during those times of above-average inventory. It can raise the business personal property limit by as much as 25%, a valuable cushion when you need it most.

Call our service team about peak season insurance before you bring in uncovered inventory. ■

Special Policy for Pollution?

Is pollution ever covered by a commercial general liability (CGL) policy, or is a special pollution liability policy needed?

Many CGL policies, while excluding most losses caused by pollutants, cover some limited circumstances. For example, consider a landscaper who accidentally ruptures a sewer line, resulting in the contamination of a nearby stream and adjacent properties. Cleaning up the pollutants in the loss will be costly. Fortunately, many CGL policies will cover this kind of loss since the pollutants were not brought to the jobsite in

connection with the landscaper's normal operations.

Remember, though, that the CGL largely doesn't cover pollution liability. Examples of uncovered losses may include those that occur on your property (consider a leaky underground storage tank or chemicals stored on site) and losses resulting from pollutants you use to manufacture products or to perform work.

For those situations, your business would need a special pollution policy. To discuss your pollution exposures, call our service team today. ■

Insuring a New Venture



Your business's legal status has many insurance implications. If you own outright or hold a majority interest in a newly acquired or formed organization, your current commercial general liability (CGL) coverage might not provide insurance coverage for that business.

Most CGL policies will automatically extend coverage for the new entity for up to 90 days or the end of the policy term, whichever comes first, provided the new entity is a corporation or a sole proprietorship. There is no automatic extension in most policies if the new entity is a partnership, LLC or joint venture.

There are solutions. Sometimes the new entity can be added to an existing CGL policy. Other insurers will require a separate policy.

Considering making a change? Call our service team while you are in the planning stages so we can help you cover your new business seamlessly. ■

Personal Autos Used for Business

A common concern expressed by business owners to insurance agents involves employees driving personal vehicles in the course of business. Specifically, if the employee were involved in an accident, how would insurance coverage apply?

If the employee has a personal auto policy, that policy will respond first to any damages. If the employer is also found to be liable for damages due to the employment relationship, the employer's business auto policy will respond after the full limits of the personal policy are reached.

For example, consider an employee who transports company mail to the post office in her own vehicle. On the way she causes an accident resulting in

\$100,000 in injuries to the other drivers and \$50,000 in property damage to their cars. Her personal auto limits cover \$50,000 of the injuries and \$25,000 for the cars. Your business could be liable for the remaining costs.

Only a business auto policy that is specifically amended to include insurance for non-owned vehicles will cover such damages. This means if you have a business auto policy but it does not specifically cover liability of non-owned vehicles, you will pay out of pocket any damages for which you are liable. The same is true if you do not have a business auto policy at all.

Your business can close this gap. Ask our service team about insuring non-owned vehicles. ■

After a Damaging Storm

After a powerful storm passes through your area, you discover that your office is one of its many victims. Luckily, you have insurance on your building. To decrease the chances of receiving a disappointingly low reimbursement or being on the hook for additional expenses, the Insurance Information Institute suggests the following:

- As soon as you are aware of the building damage, file a claim with your insurance company and call your agent.
- Take immediate steps to protect the property from further damage. This means covering broken windows and holes in the exterior to prevent water from damaging the building's interior. If such repairs involve purchasing materials like lumber or a tarp, save that receipt! You'll spend a few dollars doing this (don't worry, you'll get it back), but it will satisfy a condition of the policy and prevent

a lower payment from the insurance company.

- Allow only the insurance adjuster and licensed contractors to get up on your roof. Each time someone walks on it, more damage could occur.
- Select only a reputable contractor for repairs. Be wary of unusually inexpensive, cash-only type deals: these contractors may be looking to take your money without completing the work. Unfortunately, these folks tend to multiply after catastrophic, widespread damage. Do not make a final payment to

the contractor until repairs have been inspected and are considered satisfactory.

- Always ask contractors for proof of workers compensation and liability insurance. Without this coverage, your business could be on the hook if one of the workers is injured on your property or if they damage a neighbor's property. ■

File a claim with your insurance company and call your agent right away.

Supply Chain Disruptions

It used to be that only the “big guys” had global operations. Not so anymore. The word “global” is part of discussions concerning supply chain management in many of the nation’s businesses.

Retailers, manufacturers and service providers depend on goods from sources beyond the borders of local communities, even outside of the U.S. While you may not consider your business global, the products and materials that make your business possible probably do come from abroad. From the parts in your computers and autos to the lamps that light your office, your business is integrated to the worldwide supply chain.

Consider the economic loss to your

business if a storm in Southeast Asia closes the port that normally ships the raw materials you use to manufacture your product or if a trade dispute between the European Union and China causes goods to be held up during shipment. Such situations could

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cost end-users millions in lost revenue.

Unfortunately, most forms of business interruption insurance will not cover your economic loss in these situ-

ations. The reason: Standard business interruption policies are designed to cover losses you suffer directly, not the consequences of problems elsewhere.

All hope is not lost, but obtaining coverage requires action. It may be possible to amend your current business interruption policy, but often a separate policy is needed. One thing is certain: Failure to address this need could result in lost revenue and significant out-of-pocket expenses incurred while seeking alternate suppliers.

If your business relies upon foreign suppliers, call our service team to see if there is business interruption insurance that can help your company protect itself against supply chain disruptions. ■

Laptop Theft Is a Growing Business Problem

Forester Research reports that businesses with more than 1,000 employees give laptop computers to approximately 30% of their staff. Dell reports that 2007 was the first year its revenue from notebooks was greater than that from desktop computers and attributes most of this trend to the corporate PC market.

The truly mobile workstation has officially arrived—but not without warts. According to *The Wall Street Journal*, millions of laptops are lost or stolen annually, with only one in 20 being found or returned. About 80% of businesses report losing one or more laptops con-

taining sensitive information each year.

Many commercial general liability (CGL) policies, the most com-



mon form of business liability insurance, do not cover damages incurred by a third party ensuing from the loss or theft of an

insured’s laptop. For example, the CGL doesn’t cover damages claimed by victims whose personal information is pulled from a stolen laptop and sold to identity thieves.

The good news is that you have options. Some CGL policies can be amended to offer limited coverage for these types of liability losses. Also available are cyber liability insurance policies, which are tailored for losses to and generated by computer use.

If you utilize laptops in your business, you may have special insurance needs. For more information, call our service team today. ■

**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.

Coverage That Pays for Temporary Equipment

Sometimes a storm or another covered event causes irreparable damage to equipment that is necessary for a business's operation. Although standard insurance will likely cover the damaged piece of equipment, it could take an extended period of time to locate and install a replacement. That delay could force a shutdown of the business. The alternative is to rent a temporary replacement until the permanent, new equipment can be installed.

If the renter does not have a business income and extra expense policy, the cost of renting—which can become expensive—will likely be paid by the business.

For more information on this important coverage and how it can help to keep your business running after a loss, call our service team today. ■
