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Surety Bonds — The Basics

Are you required to purchase a surety bond to operate legally? Most likely you are. Operating without a surety bond where one is required is almost a guarantee that your business will be shut down by the government.

Since a surety bond is not a form of insurance that protects you, but rather a form of financial protection for the public, you will also need to get other coverage for the operation of your business. A surety bond will pay those harmed by your company's lack of compliance with regulations, but you will have to repay these

funds to the bonding company.

Shopping for the right bond and a good rate is important. It's a good idea to use just one qualified agent when you apply to bonding companies because some bonding companies will refuse to review applications for the same client that have been submitted by multiple agents.

Also remember that as professional insurance agents, we can find the best insurance to protect your firm against losses. Then not only will you meet your bond obligations to your clients, but your business will be protected against claims as well. ■



Contractor's Umbrella

Often, coverage under a contractor's commercial general liability policy (CGL) isn't adequate to cover the potential claims of injury. Consider a contractor required to carry a CGL with a policy limit of \$300,000. Eclipsing this amount in a single accident might not be difficult if the accident causes injuries to persons and damage to property. Legal costs might compound the expense.

A commercial umbrella policy can help you respond cost-effectively to

excessive losses. This policy protects against liabilities and losses after the primary insurance benefits have been exhausted. An umbrella might extend beyond the limits of your CGL, business auto policy and other forms of coverage. The umbrella might also pay for losses that are not covered by any other policy.

For more information on limits, consult your commercial insurance policies. For more information about an umbrella policy, call our service team. ■

Chemicals Require Special Action



Contractors working with chemicals need to take special risk prevention actions and to review the exclusions in their liability insurance policy. They should inform property owners and the general public who are in the area in which chemicals are being utilized and inform them of measures they can take to avoid harm.

For example, a contractor who pressure-washes a building with a bleach-water mix should take precautions to warn those whose cars might be parked in the “spray zone.” Signs informing the public of the work should be posted, and property owners should be warned to cover plants, keep pets indoors or take any other precautions to prevent chemical damage.

Working with chemicals can complicate liability coverage because the policy might exclude such work. We recommend a thorough review of your liability coverage before performing any job in which a potentially harmful chemical is used. For more information, consult your liability policy or give our service team a call. ■

Workers’ Comp Benefits and Responsibility

In many states, companies with one or more employees must provide workers’ compensation insurance. Many contractors do not have employees; therefore, no coverage is carried. But they must take precautions when they seek additional help, such as hired, leased or borrowed workers.

Contractors who obtain assistance from other workers must first determine if another entity provides them workers’ compensation coverage. If the answer is yes, ensure that the other entity’s coverage will apply to accidents occurring on the site. If the answer is no, you must understand your legal responsibilities for providing insurance if the hired,

leased or borrowed workers could be considered employees.

Before getting help at the site, always ask about workers’ compensation coverage; specifically, find

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out who must provide benefits if a workplace injury occurs. Knowing the answer before an occurrence will help to prevent a serious problem after a loss. Review any lease contracts or other agreements for information about coverage. If no such

contract exists, contact the IRS for information on who qualifies as an employee.

And remember to let us know if your employee rolls change, even for just one job. ■

Loading and Unloading Carry Risk

There’s a close relationship between the liability coverage available in the commercial general liability policy (CGL) and the business auto policy (BAP). One of the most common areas of confusion comes into play when materials or equipment are being loaded or unloaded from a vehicle.

For example, a contractor delivering materials to a job site will have liability coverage for damages caused by the loading and unloading of those materials under the BAP (e.g., while unloading rolls of carpet from the truck for installation, the contractor’s employees knock over another contractor’s pallet of paint, spilling paint on someone else’s car).

Once the materials are finally delivered, however, liability coverage for damages shift to the CGL (e.g., rolls of carpet placed in the room in which they



are to be installed fall over and splatter paint, destroying part of the frame as well as some electrical equipment not yet installed).

Your insurance coverage must match your risk, and one policy might not do it all. Contact us: we’d be happy to review each of your jobs to ensure that you have the right policies to cover your specific risks. ■

Damage to Your Work

The “Damage to Your Work” exclusion that usually appears in commercial general liability policies is frequently misunderstood. Here is a brief illustration to help clarify this important exclusion.

A plumbing contractor installs new piping in an apartment complex. After installation, several tenants complain about leaks. Some of the leaks are so severe that tenants must be relocated while their apartments are cleaned up, and the water is shut off for a period of time. The cause of loss is determined to be faulty installation of the piping. To avoid future damage, the complex tells the plumbing contractor that he must uninstall

the new piping, redo the job, and insure that the job is done correctly. The contractor must also pay for dam-



ages to the complex caused by the faulty installation.

General liability insurance is meant

to pay for bodily injury and/or property damage caused by an accident for which the insured is legally liable. In this example, the contractor is clearly liable for the damage, and the liability policy will probably pay for damage resulting from the faulty installation (i.e., the flooded apartments). However, the “Damage to Your Work” exclusion might prevent the plumber from collecting insurance to pay for the damage to the piping he installed, as well as for the cost to uninstall existing piping and redo the job.

To find out more about covering these sorts of errors, give one of our agents a call. ■

Closing the Generational Divide

Construction managers manage workers of all ages. Unfortunately, a one-size-fits-all management style might not be ideal when workers include members of three generations, each favoring a certain type of feedback and style. Consider the following:

- Baby Boomers, born between 1946 and 1964, still make up a majority of U.S. employees.
- Generation Xers, born between 1965 and 1977, are becoming the largest generation in the workforce, soon to eclipse the aging Boomer population.
- Millennials, born after 1977, represent a new generation of

workers raised with the speed of the Internet, and accustomed to instantaneous answers and easy retrieval of information.

All of these generations could be represented on the same site — working together to get the job

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done. Managers should understand, though, that different generations hear and understand certain things differently. What

might seem like a perfectly reasonable correction to a Gen Xer could represent discrimination to a Millennial. Talk or personal references that are commonplace among Millennials might be regarded as sexual harassment to a Boomer.

How you manage the work environment for multi-generational workers will affect employee morale, productivity, quality of work, safety and liability claims. Talk to your employees of all ages and discover what’s important to them. Then create an environment that emphasizes respectful language and behavior and allows frank but amicable correction when things get off track. ■

**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.

Computer Coverage for Contractors

Many contractors rely on information stored in their computer systems to keep their businesses functioning properly. A loss of a laptop or an office system can be devastating to anyone in the construction business. Replacing hardware, reloading software and regaining access to critical information takes time. Some lost information may never be recovered.

Imagine that you couldn't get access to any client files or job specs. Imagine the expense involved in replacing the information that your operation might have worked years to collect.

You can prevent catastrophic data loss by practicing regular backups and storing the redundant data remotely. Downtime and other losses due to data damage or unavailability might be insurable by endorsement or a separate policy.

Check your property policy. If you don't have coverage for data loss, contact our team, and we will help you find insurance options. ■
