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Contractor Automobile Savings

Contractors in the market for a new work vehicle will benefit from information recently released by insure.com on the cost of insurance for a selection of popular models.

Buyers rarely consider the cost to insure a vehicle, which can vary as much as \$630 annually depending on make and model, adding up to thousands of dollars over the life of the vehicle.

The 2008 report provides information on insurance costs for the 20 best-selling cars and small trucks in the U.S. The Dodge Ram pickup, Chevy Silverado C/K

pickup and Toyota Prius are the most expensive to insure.

On the other end of the spectrum, the least expensive vehicles on the list to insure are the Chrysler Town & Country (minivan), Ford Escape (small SUV), and GMC Sierra pickup.

Pricing for auto insurance has declined across the nation. When considering a new purchase for your operation, give our service team a call. We can help you determine the cost of insurance on



your vehicle of choice, potentially bettering your bottom line. ■

Inland Marine Is an Option

Tired of worrying about the many conditions and limitations buried in standard property insurance policies regarding your tools, equipment and materials?

Ask your agent about an inland marine policy. Inland marine policies provide much broader, more flexible coverage for property in transport, in storage, or kept at a specific location, such as a jobsite. A common form of inland marine insurance is builders risk insurance, an important coverage for structures and

jobsites that are being constructed or renovated.

Inland marine insurance historically offers more flexible underwriting than standard policies, meaning you have more control in the design of your policy and its pricing. Additionally, the policy covers losses like theft, fire and vandalism, often even if your property is not located at your normal place of business.

For information about this valuable coverage, call our service team today. ■

Can I Borrow Your Car?



It's Murphy's Law in action: You have a job that cannot be rescheduled, and your work vehicle quits on you. Luckily, you know someone who will lend you his truck for the day. The question is, if you borrow a vehicle from someone and cause an accident, how will the insurance coverage respond on that vehicle? How will your insurance respond?

In most cases, the insurance coverage on the vehicle involved will be the first to respond. If that policy is insufficient to cover the damages, the auto insurance policy of the borrower might help cover the excess.

It is important to remember that auto policies are not all the same. Some policies contain exclusions for non-owned vehicles when used for business. Additionally, if the lender or the borrower has insufficient or no auto insurance, the other party could be at serious financial risk.

Check your auto policy before you lend or borrow a vehicle and call us if you would like to make any modifications. ■

Surety Bond Qualifications

Know what your surety bond carrier is looking for and improve your choices and your premiums.

Character

Underwriters scrutinize contractors' character. This includes reputation, ethical behavior, personal traits, speculation in outside ventures and other information.

Capability

Underwriters review information about previous work experience, including the successful completion of contracts comparable to the one in question, adequate manpower and proper equipment to perform work.

Capital

Underwriters study the overall financial condition of the contractor, including working capital, net worth and bank credit. A sound financial structure is often the result of a profitable operation with adequate funds to finance work projects and cover emergencies.

Continuity

Underwriters usually require information on life insurance, buy-sell agreements, reciprocal agreements and other indicators that there is a change of ownership plan.

For more information on the surety bond underwriting process, contact one of our service representatives. ■

Surety bond carriers look for the four C's: character, capability, capital and continuity.

Got the Flipping Bug?

With the housing industry providing many homes in foreclosure, contractors are getting the "flipping bug." Buying a house at a fantastically reduced price and renovating it for resale can seem like a good investment, especially if you have the skills to do the renovating yourself. But caveat emptor: Owners of such construction projects have all the duties of homeownership plus the additional responsibilities of a general contractor.

If you've borrowed to purchase the home you are renovating, your lender will have specific insurance requirements that must be followed. You will also have to check on the time limits for your builders insurance after construction is finished. If you intend to sell the property, it could be vacant for some time after construction. And what if the project is delayed, causing monetary



losses? For instance, the sump pump fails and much of the work in the basement has to be redone, keeping the house off the market for an additional two months?

Talk to one of our representatives about the coverage options you have for insuring your home renovation project when you are also the general contractor. ■

On the Scene of a Business Auto Accident

If employees are driving your vehicles, they need to know how to respond if they are involved in a traffic accident. The following is important information to discuss with your staff before they get behind the wheel:

- Obtain immediate care for injured persons.
- Call the police.
- Secure descriptions of vehicles involved, including tag numbers, make and model, and insurance companies.

This information, along with the names and addresses of witnesses and police reports, is essential in determining which party is responsible and to what extent. Your employee will also be required to provide this information to other drivers and to the police, so

be sure they can retrieve it easily.

- Call the employer. The employer will likely want to be included in the process.



- Call the insurance agent and/or the claims number provided on the insurance card.
- Do not admit fault. Admitting

fault violates a condition present in most auto policies. Insurance companies will use the information collected to draw their own conclusions and determine what will be paid.

- Complete an accident report form. Your insurance company or agent can provide an accident report form that should be kept in the vehicle. Be sure employees know where it is located and can complete the information requested. It is best if this form is completed while the details of the accident are fresh.
- Take photographs. Insurance companies recommend placing a disposable camera in each of your company's vehicles. These cameras are inexpensive, and pictures of the accident provide a valuable resource to claims adjusters. ■

Test the Grade

Key to a contractor's success is avoiding mistakes that require redoing work and paying for damages. Invisible culprits can really hurt in this area.

Here's a true story that will help you avoid a costly error.

A family hired a contractor to close in their carport to create a family room. There was already a concrete pad abutting the carport, so everyone was pleased with the "built-in" patio. A lovely

exterior door was installed to give access to the backyard.

After the walls were up and

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the carpet was in, it rained. It rained hard. Unfortunately, the contractor had not checked the

grade of the adjacent concrete pad. You guessed it: The water ran right into the new structure.

What the new drywall didn't absorb, the carpet did.

Naturally, the contractor got a phone call the next day.

When you design and build, you need to make sure you cover all the bases before construction begins.

You also need a policy that insures both services. Call our team to get help with the right coverage. ■

**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.

Specify the Date of Contract Execution

When you contract with a sub, whether in writing or orally, the establishment of a contract execution date is important to your commercial general liability (CGL) coverage.

Standard CGL policies contain important provisions that refer to the contract. Specifically, for incidents to be covered, they must have occurred subsequent to the execution of the contract. This means that the insurer will want to determine when the contract was executed.

Exactly when a contract is "executed" is a matter of frequent legal debate. Is it when the contract is signed? Is it when the terms of the contract are performed? Legal interpretations vary, so general contractors and subs should make an effort to specify and record precisely when their contractual relationship begins. This information will help your insurer settle contractual liability claims. ■
