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Inspect Landscaping Before Building

Contractors who are making additions to properties need to consider the landscaping on the project before beginning. Building where extant foliage or a water source is a hazard to the completed project can expose the contractor to liability risks.

Property owners across the country hire contractors to expand dwellings or erect separate quarters on their land—land that might already have plantings that the owner doesn't want disturbed or underground water of which no one is aware. If inadequate research has been done on tree root systems or branches and rainwater drainage at the time the expansion is complet-

ed, a contractor might be at risk for a liability claim should the foundation, roofing or siding be damaged by a previously existing hazard.



Before beginning, survey and document all hazards, notify the owner of problems and solutions, and adjust the contract accordingly if threats to a desired structure are identified. As a contractor, be aware of immature trees whose roots or branches might cause problems later. Additionally, check for and notify the owner of evidence of drainage hazards.

Finally, contact your agent about your liability coverage. We can help you review and update your policy where necessary. ■

Equipment Coverage Travels with Your Tools

The value of your equipment varies widely, from hand tools to machinery and equipment running into the tens of thousands of dollars. What's more, much of the equipment you use travels away from your building to your work sites.

Contractors equipment insurance covers loss or damage to mobile equipment, both owned and non-owned, and it is not restricted to a particular location. It applies to storage, job sites and while in transit. Most coverage forms include coverage for flood and earthquake.

This is not a controlled line of insurance, so there are no standard forms. You will benefit from an expert's assistance. You will have many choices on your coverage with regard to limits, supplemental coverage, co-insurance, deductibles, valuations such as actual cash value or replacement cost, and endorsements, among other things.

We would like to help you find appropriate insurance for your tools and equipment. Let us assist you in defining your choices and researching options. ■

Hazardous Material Precautions

Many contractors are responsible for precautions surrounding hazardous waste located on, and transferring to or from, the job site. The OSHA *Required Training for Supervisors* newsletter recommends these measures:

- Wear appropriate personal protective equipment when working around hazardous wastes. Protective equipment must be inspected before each use, and workers should be taught the proper procedure for removing equipment and protective clothing to avoid contamination.
- Don't bring food, beverages, cigarettes or cosmetics into areas where there are hazardous wastes.
- Wash hands after handling hazardous wastes and always before eating, drinking, smoking,

applying cosmetics or using the restroom.

- Flush exposed areas with water for at least 15 minutes



immediately following any skin or eye exposure to hazardous wastes.

- Perform hazardous waste transfers carefully, including grounding and bonding contain-

ers to prevent ignition of flammable wastes from static electricity.

- Keep work and storage areas well ventilated when hazardous wastes are present.
- Keep waste containers tightly sealed.
- Use "empty" waste containers only if they've been thoroughly cleaned and tested.
- Select tools that won't create dangerous sparks or chemical reactions when used around hazardous wastes.
- Know the locations of the nearest alarms, emergency showers, eyewash stations, first-aid supplies, spill materials, and fire extinguishers, as well as your evacuation procedures and the name and phone number of your emergency coordinator. ■

Insuring Business Income

If your business is unable to earn money resulting from a fire, wind-storm, theft or other cause that damages your business's location, equipment or other property, would you be able to continue paying your bills? Could you keep the business going during repairs and meet payroll? How about paying Uncle Sam and your local tax bureau? Could you meet your benefits obligations?

There is an insurance policy designed to cover loss of business income, and it could be as important to your business's longevity as your general liability and workers compensation policies. A business income policy can also cover extra expenses, such as temporary offices, signs and equipment. Multiple options for additional, special cover-

ages exist, too. These include coverage for loss of business income from dependent properties (those on which your business depends in order to function); loss of business income due to ordinance or law (those costs

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imposed by upgraded building codes or the like); and loss of business income due to disruption of utility service.

When you consider coverage, you will need to provide a good estimate of your gross yearly income. A rule of

thumb is that at least 50% of that should be insured. You also need to figure out how much of the loss you could shoulder—this would be your deductible and your co-insurance together. The higher your deductible and co-insurance, the lower your premium, usually. Sometimes you can opt for agreed value coverage instead of co-insurance. This might be a good choice for your business, since it eliminates the chance of underinsuring.

Our service team can help you find a business income insurance policy that suits your needs. We will assist you in understanding all your options and factoring in the right data to make an educated decision. Give us a call before you experience business income loss. ■

Wrap-Up Insurance, Pros and Cons

Wrap-up insurance, an insurance option that allows coverages for multiple insureds to be “wrapped up” into one, consolidated program, is used increasingly, particularly for very large construction projects that involve many contractors and subs.

Wrap-ups have advantages for participating contractors, according to C-Risk, a risk management consultancy: broader coverage with higher limits; better safety, loss control and risk management programs; coordinated claims procedures and services; elimination of coverage disputes and subrogation between contractors and insurers; and claims under the OCIP not being counted against the contractor’s limits.

There are also disadvantages to contractors from the wrap-up scheme. Often, bids must be provid-

ed with and without insurance costs, making bidding more complicated. Duplicate payroll records may be required to keep wrap-up project costs segregated. Contractors might



also need to obtain excess limits or difference in conditions liability to close gaps left by a wrap-up. A contractor’s exposure for completed operations often exceeds the tail covered by the wrap-up, and an endorsement to the contractor’s gen-

eral liability policy might be needed. Workers comp premiums and dividends might transfer to the project owner and away from the contractor.

Keep in mind that auto liability is usually excluded from a wrap-up, so business autos will need special attention from the contractor. If a participating contractor is going to sub out, the bid package must reflect subcontractor insurance deductions, and subs must be educated on and enrolled in the wrap-up.

If you are going to be a participant in a wrap-up insurance program, call our service team about closing gaps, dealing with subs and keeping your workers comp modification factor in good shape throughout the process. We are happy to discuss any issues with you. Give us a call! ■

Protect Construction Equipment

Theft of construction equipment and tools costs the industry about \$1 billion a year. There is a less than 15% recovery rate but nearly a 75% chance that your business will become a victim.

The equipment most targeted by thieves are skid steers, loaders, generators, air compressors, welders, trucks, trailers, lifts, and dump trucks, which are disassembled and sold as parts. Organized crime rings are responsible for most construction equipment theft, so contractors need to protect their equipment as if they are dealing with pros. Here are some suggestions:

Mark and photograph. Criminals remove or alter vehicle identification numbers, so put your own hidden mark on your equipment.

Keep a photographic record of your equipment and those markings, as well as purchase and maintenance receipts. Those will all be helpful if you suffer a theft.

Guard equipment after hours.

Use lockable fencing where possible, and chain equipment together to reduce “hop and go” theft. Lighting the perimeter of the site, using video cameras, and stymieing thieves with immobilization devices on equipment can all aid in deterrence and recovery. Making friends with the police and encouraging night and weekend patrolling adds another protective layer.

Use recovery technology. Radio frequency identification devices are transponders that send a signal allowing trackers to locate a stolen

piece of equipment that carries the device. The big name on the market is LoJack®. GPS systems can also be used, but they do not work if the stolen item is placed inside a garage or other signal-blocking container.

Insure your property. You have options on how to insure equipment based on its location, use, value depreciation and cost. Many contractors also want to cover the costs of substitute rental equipment.

Take steps to reduce your risk of theft loss and contact our service team to find out more about how to best insure your different types of equipment and update your equipment schedule. Implementing the protections above might help lower your premiums. Call us to find out what is available. ■

**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.

Scaffold Safety

The first step in scaffold safety is identifying the hazards. Common hazards to workers on scaffolds include falls from elevation with a lack of fall protection; collapse of unstable or overloaded scaffolds; and electrocution due to a scaffold's proximity to overhead power lines.

An estimated two million construction workers frequently use scaffolds. The Occupational Safety and Health Administration (OSHA) estimates that better scaffold safety could prevent 50 deaths and 4,500 injuries annually. Improved safety performance could translate into \$90 million saved in lost workdays.

OSHA requires that each employee working on a scaffold be trained by a qualified person to recognize and control safety hazards. For more information on keeping scaffold workers safe, visit the OSHA website at www.osha.gov. ■
