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## E-mail Reminder

America's companies continue to lose billions by making the same mistake over and over again, all in the name of convenience. The culprit is e-mail. Here are some risk reduction ideas:

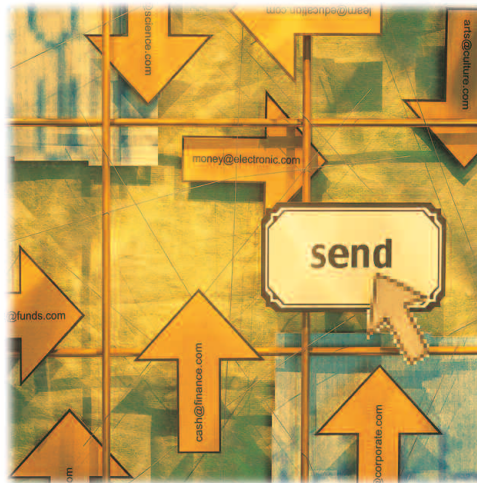
- *Never say anything confidential in an e-mail.* Remember that the company reserves the right to read anything you e-mail on its network. Tens of thousands of employees are fired and employers sued over information appearing in e-mails that were supposedly confidential.

- *Never say anything offensive in an e-mail.* As harmless as it may seem to vent to a

co-worker or manager about someone through e-mail, you must remember that the e-mail on the company's network is not confidential. Furthermore, you just never know to whom it may be forwarded, intentionally or not.

- *Keep e-mail.* When conducting business via e-mail, you are creating an electronic and potential paper trail that must be properly recorded just as any other document. Businesses are losing billions in litigation due to information

lost in cyberspace. And remember, e-mail can be used as evidence, both for and against you in court. ■



## D&O Pricing Down

After the sharp increases in premiums in the property-casualty insurance market from 2000 to 2003, premiums for directors and officers (D&O) liability insurance are on the decline and falling fast.

Premiums began to fall in 2004 and have continued to do so since. The average premium for a D&O policy has dropped nearly 35%, according to insurance industry research firm Advisen Ltd.

There are several factors involved in the more favorable pricing of D&O policies experienced recently. One major factor is the decreasing frequency and

severity of losses. "Since the corporate governance debacles of the early 2000s, shareholder activism and government oversight have created much greater transparency in corporate management," says David Bradford, editor-in-chief at Advisen.

These favorable market conditions are excellent news to the many organizations in need of D&O coverage. If you have put off getting needed D&O insurance because of price, now is a good time to revisit the coverage.

For more information on obtaining this valuable coverage for your organization, call our service team today. ■

## A Complete Plan



If your disaster-recovery plan includes a checklist for maintaining adequate property and liability insurance to keep your business going when disaster strikes, give yourself a high-five! Simply having a plan puts you in the “more-prepared-than-most” category.

However, most professional insurance plans stop short of an important coverage that is tremendously beneficial in protecting against a disaster. While it may not be a calamity of nature like hurricanes, snowstorms, floods and wildfires, a major lawsuit against your business might be as potent as a natural disaster—or worse. Millions of businesses and jobs have been lost as a result of a lawsuit often because the business was not properly defended by its insurance coverage.

Sometimes budget and business planners forego professional liability insurance with the assumption that the company will never really get hit that hard. Other times, the need isn’t even recognized. We believe you should be protected against disasters—natural and man-made.

When considering your disaster recovery insurance, make sure you consider professional liability coverage as well. Call us to find out more. ■

## Getting the Right Coverage

As your professional services business grows, its insurance needs change. Sometimes a new client will require you to have professional liability coverage in order to contract with them. It’s also common that a new contract carries much greater risk than you feel comfortable handling without insurance. No matter what the case, when you seek professional liability coverage, you want to have good data so you get the best insurance for your needs.

You’ll need to know who you expect will perform services on your behalf. Many professionals work alone, but others have employees that will serve customers. Some of these workers are staffers; some are independent contractors. In the

latter case, the contractor may have his own insurance coverage. You’ll need to know what he carries and how it affects you and your contract with him.

You’ll also need to know the approximate value of the service you are providing to your clients. You may farm out some projects and keep some in-house. Keep track of the value that’s in-house and the value that’s contracted out to independents; it might affect the coverage you choose.

Different professional liability policies have different restrictions. If you would like to know more about professional liability insurance options, give our service team a call. We can get you the best coverage for your needs. ■

## Obesity

Obese workers are often the subject of unfair employment practices, according to the Equal Employment Opportunity Commission (EEOC).

Workers suffering from obesity as a result of an illness such as diabetes or certain thyroid conditions may have some rights under the Americans with Disabilities Act (ADA). Employees who feel they have been demoted, terminated or not hired on the grounds of their condition may have a legitimate discrimination claim, says the EEOC.

As wellness programs at the office expand to include employer-sponsored benefits, consideration has to be given to those who simply cannot, for medical reasons, succeed at achieving the physical fitness benchmarks. Employers are warned against requiring unrealistic physical activity and unreachable goals. But employers do need to control spiraling health care costs, and wellness programs do seem



to promote better health.

With all the variables and considerations, making decisions on plans and programs that are good for all employees is very difficult. If a claim of unfair employment practices is brought against you or your company, an employment practices liability policy may provide needed defense.

Contact us to get more information on how this coverage can help you. ■

## Merging and Acquiring: Common Cents

Organic growth is critical to longevity in the business world, but increasingly buyouts of compatible firms are providing immediate growth opportunities. When merging two businesses, an array of potentially costly problems confronts both the buyer and the seller.

- *Price.* Finding an agreeable yet competitive price requires thorough research and good negotiating.

- *Debt.* Leveraging assets that compromises financial stability can lead to problems down the road. Funding for mergers and acquisitions must be managed with liquidity and solvency in mind.

- *Integration.* The maintenance or

reduction of the workforce after a merger or acquisition must be well planned and defended.

Mergers and acquisitions are com-



plicated matters encompassing much more than the sampling listed here. Owners and company boards must be aware that each

step of an integration plan is fraught with potential risks: claims that information was withheld or adulterated, causing pricing to be unfit; claims that debt was acquired that damaged employee or shareholder interests; claims of unfair employee terminations, etc.

Part of a competently executed purchase or sale is proper insurance that will protect you in case errors are made or claims are filed. Of course, risk management is critical.

Call us if you want information on insuring for mergers and acquisitions. We would like to help you protect your company's value, whether you are buying, selling or planning for the future. ■

## Advice and Consent

**T**he board of directors of any organization is expected to give advice and provide approval or denial of strategic company policies, and while a director's advice may not be binding, it certainly carries weight. That is why directors must observe the strictest corporate governance standards to avoid liability risk.

Conflicts of interest can doom even a good plan that really benefits the company. A director may advise the board and company on a plan or contract that serves the company well, but if his advice is tainted by any compensation or gratuities, he could be exposed to a liability risk. If the plan or contract goes south, that director

might find himself on the defense side of a claim. Even where conflicts of interest are not an issue, plans, investments and contracts that fail or cause the

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company to lose money are increasingly being scrutinized, and boards of directors are often the target of questions and finger pointing.

Companies rely on their boards

of directors for advice and consent, and exposure to liability claims could be crippling, especially in today's litigious environment. That's why directors and officers (D&O) insurance is so important. With good D&O coverage, boards can do their research and make their decisions and recommendations with the confidence that they have protection from claims against them. Good governance standards and good insurance coverage go hand in hand to promote good business.

Do you have questions concerning D&O? We can help. Your agent can get you just the right insurance policy for your professional needs. ■

**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.

## How Much This Year?

**A**s another tax year comes and goes, Americans are asking, "How much this year"?

If you are preparing your own business taxes, you may want to consider the insurance implications. Faulty preparation or reporting and delays in filing can cost your business. Fines that hit big can affect your company's bottom line and can hurt your managers, employees and shareholders.

If you decide to hire out for tax preparation, you still have a duty regarding fiduciary management. You have to choose a tax professional wisely and provide good data for accurate filing. Failures in tax preparation, either by you or by your chosen preparer, can expose you to claims of negligence or fraud.

Be prepared for tax time with more than just financial records. Cover yourself with professional liability insurance that will help protect your firm in case of financial errors. Your agent can advise you on a policy that best suits your company's needs. Call us for information. ■

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