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Fearing the Firing

A recent national survey conducted by SurePayroll, a Chicago-based small business payroll firm, indicates that 61% of small-business owners find it hard to fire employees, even the really bad ones. More than three-fourths (78%) said they would prefer to put off the firing for as long as possible rather than address the issue right away.

In addition, the survey also discovered that half of the small-business owners surveyed do not have a formal termination policy. Francisco Dao, founder of the San Francisco-based executive coaching and consulting firm StrategyandPerformance.com, says such a policy is a necessity for employers

looking for guidance on how to let an employee go.

In addition to helping simplify a difficult situation, such a policy is essential for employers hoping to avoid claims of wrongful termination. Employers without a formal process are more inclined to act irrationally or unprofessionally during the termination — actions that can get them in trouble.

Every employer should have a formal termination plan in place. You might also consider purchasing an employment practices liability insurance (EPLI) policy. Such a policy may offer defense for claims alleging wrongful termination. ■



You Can't Be Too Safe

Kidnappings and ransoms used to be the stuff of the big screen. No longer. Businesses and organizations, particularly those whose employees travel abroad, are at increased risk of falling victim to these violent, extortive crimes.

If someone in your organization is abducted abroad or here at home, there's no telling the price you may have to pay for their safe return. Kidnap and ransom insurance provides coverage for lost dollars

or other types of property demanded for the safe exchange of the victim. Many policies also cover extortion of other kinds, and some insurers provide additional risk-reduction services with kidnap and ransom insurance.

Don't let the reality of the world deter your business growth. Protect your employees at home and abroad. For further information about kidnap and ransom coverage, contact us. We can find just the policy to suit your professional needs. ■

Need Incentives? Dangle D&O!



Organizations that believe directors and officers (D&O) liability coverage applies only to the “big guys” may be in for a surprise as they try to attract new management and board officers.

According to the 2007 Towers Perrin Directors and Officers Liability Survey, 66% of potential public and 71% of potential private company directors inquired about D&O coverage before agreeing to accept their offered responsibilities. The survey also found that directors’ and officers’ interest in insurance does not decline with the size of the organization: 75% of small-cap (up to \$6 million in assets), 70% of mid-cap (\$400 million to \$1 billion) and 69% of large-cap (more than \$1 billion) potential directors were eager to learn about D&O coverage.

The importance of D&O coverage pervades all levels of business, and the coverage is rapidly becoming a prerequisite to attracting and maintaining executive-level talent. Talk to one of our insurance professionals about the trends and what’s available to protect your leadership. ■

Independent Contractor Insurance

Using an independent contractor offers a number of benefits. However, whenever someone is doing work on your behalf, a review of their insurance coverage is essential to understanding your liability should you face a claim based on their work. When soliciting the services of an independent contractor, ask yourself the following questions:

- Is the job you are soliciting them to perform considered a professional service? And is your liability limited to claims of bodily injury or property damage that may be covered by a general liability policy, or will you need professional liability coverage?
- Does the independent contractor carry a professional liability or errors

and omissions policy?

- Is the contractor requiring you to name them as an “additional insured” on your insurance coverage? Can you require them to name you as “additional insured” on theirs?

Uninsured or underinsured independent contractors are a source of great frustration for businesses that hire them with a false sense of security. It’s wise to review every independent contractor’s business insurance portfolio for proof of professional liability coverage—and to determine how your liability policy will apply.

To make sure you have the coverage you need, we’d be happy to do such a review. ■

Will an Umbrella Cover You?

A commercial umbrella policy can be an excellent way to increase your business’ liability coverage. This type of insurance may provide additional defense for covered claims once the liability policy limits are exhausted. It can also broaden coverage, providing dollars for claims that are otherwise not covered by the liability policy.

When considering umbrella coverage, ask if the policy extends over your professional liability policy. Specifically, will it offer additional limits of defense for claims that use up the liability policy’s limits? Will it cover losses that are excluded under the professional liability policy?

An umbrella policy offers additional coverage, which is often simply an extension of one of the underlying policies (i.e., the umbrella increases



the general liability policy limits). Other types of umbrellas offer additional coverage over different types of policies, such as auto.

Check with one of our agents to see if there’s an umbrella that can give your business the additional coverage you need beyond your professional liability policy. ■

Know Your Claims Made Restrictions

The standard commercial general liability (CGL) policy is commonly written on an “occurrence” form, meaning that, if the covered loss occurs during the policy period, the claim for the loss can be made during or after the policy period and still be covered. This is advantageous because many claims are not actually made for some time after an accident or incident.

In contrast to a CGL, most professional liability policies are written on a “claims made” form. This means that both the covered loss and the actual claim for the loss must be made during the policy period in order

to be covered.

For example, an architect draws plans for a building. After the



building’s completion, damage to the structure is discovered. The source of the damage is deter-

mined to be a design flaw on the part of the architect, and a claim is made against the architect’s claims made professional liability policy. If the covered loss (design flaw) occurs and the claim is made within the policy period, the loss will be covered. A claims made policy may also include a retroactive date, which can significantly affect when a claim can be made and still be covered by the policy.

Now is a good time to review your professional liability policy. If you are wondering how to expand your coverage for professional risks, give our team a call. ■

Covering Professional Services

Professional liability coverage fills a gap in the commercial general liability policy where professional services are not covered. But different professional services require different liability policies. A provider that offers multiple services may need a specially tailored policy. Defining what actually is a professional service for your business is key.

Professional standards for different types of businesses are derived from several sources. First and foremost is the law, which defines the expectations of consumers from many professions. Examples include medicine (you must have

a medical degree to practice) and law (you must have a law license).

Professional services can also be determined by peer stan-

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dards. When searching for a level of service to be considered “professional,” courts, consumers and insurance companies

may look to see how others in your respective field are conducting business.

Other determining factors include education, professional designations, titles, and claims of professional service in your marketing, advertising and other promotional materials.

Review your current liability coverage to see how it will apply to the professional services you provide. For assistance in determining which types of losses are covered under different liability policies or to expand your coverage to include new services, give our professionals a call. ■

**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.

Merging Business Might Mean Merging Risks

When businesses or organizations merge, they expand their risk. Previous actions and liabilities may be carried into the new partnership, and insurance coverage must take this into account.

Months or years after a merger, a claim may be filed against your new partner citing an error or omission that occurred before the businesses merged. How this claim will affect your new venture will depend, to a great extent, on the insurance you carry.

When old businesses change their legal status or merge with new businesses, they need to do a careful review of their liability coverage. Our agency specializes in getting you the coverage you need. If you're planning a merger, call us. We can get you started out right. ■
