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Covering Your Preferred Contractor

Most professional liability policies extend coverage to current employees. Some will also cover past and future employees. However, a majority of professional liability policies will not automatically extend coverage to independent contractors. That means either the contractor must carry its own insurance or your business must endorse its own policy, if possible.

The first step is to determine just who is an “insured” under your business policy—that is, whose actions are covered by the policy. The next step is to find out

what type of coverage your contractor has. The assignment of liability should be clarified in writing before any work is performed.

If your business policy does not extend coverage to the actions of independent contractors working on your behalf, and the contractor you would like to hire does not carry adequate professional insurance, you might be able to endorse your policy to cover the independent.



For information about your coverage and endorsements, call our service team today. ■

Management Liability Policy

Choices abound for commercial insurance products: directors and officers liability; employment practices liability; crime, kidnap and ransom; Internet liability—the product list goes on. The sheer volume of choices can be overwhelming.

In response to the vast selection, several providers have begun packaging coverage in a single policy called a “Management Liability Policy.” Management liability policies are designed to offer package arrangements of important coverages

while simplifying the buying process. While most management liability policies include at a minimum D&O and EPLI coverage, many of these policies allow owners to pick and choose among numerous valuable coverage options. Depending on the provider, there may be a variety of deductibles and limits from which to choose, further customizing coverage to your business needs and budget.

Call us if you would like to discuss your options. ■

What Did I Do Wrong?



Employers who don't provide employees substantial feedback on performance problems can be setting themselves up for employment practices complaints. The unfortunate truth is that a majority of employers rarely or never conduct evaluations, thereby removing a credible venue and a verifiable process for correcting employees and eliminating uncertainties about expectations and penalties.

The first step in minimizing potentially harmful employment-related issues is a formal, consistent, documented evaluation procedure. Employee evaluations are an essential method of receiving and providing feedback in a professional, consistent manner. Evaluations should be conducted in a comfortable, unthreatening environment, and both parties involved should be encouraged to speak freely.

Employers who fail to follow such a procedure are at greater risk of employment practices complaints, claims that are covered only by a specific type of insurance—employment practices liability.

For information regarding the construction of an employee review, visit www.dol.gov. ■

Newly Independent

With outsourcing of work becoming the norm, the independent contractor business is growing. More professionals are venturing out on their own, forming sole proprietorships and independently owned firms. Since independent contractors are often not covered under the liability policies of their contracted employers, they need to take special care to secure insurance coverage for their professional services.

Even if an independent contractor doesn't have employees, he or she might still need some professional insurance. In fact, companies that hire independent profes-

sionals may require those contractors to show proof of errors and omissions (E&O) insurance.

If you are newly independent and haven't yet insured your professional services, you will need to consider your different exposures with your various clients. You also need to assess your company's worth and your personal asset exposure and secure coverage that has adequate limits to protect you.

That's where we can help. Contact us to get an insurance solution that is tailored to your independent contractor needs. ■

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Wearing Two Hats? Get Two Policies

A review of your directors and officers (D&O) liability coverage is certain to identify several exclusions. One such exclusion common in D&O policies is the professional liability exclusion.

The purpose of this exclusion is to separate coverage for the actions of individuals while serving as directors and officers from coverage for them in their professional duties. For example, a CEO or president who also serves on the board of directors of that company has coverage under the business' D&O policy for his or her actions and decisions as an officer. However, if the D&O policy contains a professional liability exclusion, that same person has no coverage under the policy for his or her actions



related to his or her duties as CEO or president. Such coverage would be found only under the company's professional liability policy.

Call us to ensure that those in your company who wear two hats have two coverages. ■

Selling Out the Customer

Businesses today are given many opportunities to earn a little on the side by selling customer information to credit companies and marketing firms. While some of these groups may buy contact information for legitimate marketing purposes, others are credit and identity predators. Selling to them can expose your business to liability risks.

Providers of services that require the collection of personal information need to establish a written and publicized policy on how customer data is kept and distributed. If you intend to sell or in any way

make customer information available for use outside of your business, you need to make the



customer aware and you need to vet the buyer of that data. Alternatively, some businesses

make it a point to tell their patrons that they won't pass on contact information.

Expenses associated with repairing a scarred personal identity can be staggering. If your operation turns out to be the root cause of the compromise, multiply those expenses by the number of compromised customers and your business could be facing serious financial consequences.

For information about insurance products that can help defend and/or indemnify your business against claims of negligence, call our service team today. ■

Protect Against Defense Costs

Costs associated with defending against a claim can be colossal. Protection from those legal expenses is a fundamental reason businesses purchase insurance coverage.

Professional liability policies will include information concerning the insurance company's duty to defend. The extent of the duty will vary depending on the policy. It is extremely important that business owners review this portion of the policy and understand how their insurance company will respond if

and when defense is necessary.

Not all policies take the same approach. For example, some policies allow the busi-

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ness to decide whether or not to defend the claim itself and then seek reimbursement from

the insurance company. Others require the policyholder to turn the claim over to the insurance company within a specified time frame, such as 90 days. Failure to adhere to such a guideline can result in significant out-of-pocket expense for the policyholder.

With the rising costs of litigation, you might find you have questions about your current coverage and its limits. If you would like to discuss this or any aspect of your policy, give one of our team members 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.

Non-Profit Employees Complain

Employee claims represent 95% of all liability claims against non-profit organizations. This is a staggering statistic, considering that less than a quarter of the claims brought against their for-profit counterparts originate from employees.

Claims range from board-member negligence to unfair employment practices, and they can be very expensive to handle. Unfortunately, many non-profits don't purchase insurance to protect against such claims.

As the marketplace for non-profit professional liability insurance continues to grow, competitively priced products are readily available to non-profits of all shapes and sizes. One call to our service team will help you understand the insurance protection essential to protecting your organization against liability claims. Call today. ■
