

YOUR Business



Spring/Summer 2001



A new wrinkle in WC coverage for subcontractors

If you are a contractor, you know that your workers' compensation insurance company requires you to obtain a **certificate of insurance** from independent contractors that you hire in the course of your business. Possession of the certificate means the insurance company's auditor will exclude the labor costs of the subcontractor from your premium basis. However,

when sole proprietors, partners and limited liability company members were given the statutory option to elect workers' compensation coverage for themselves, effective April 13, 2000, a new wrinkle was added to the certificate maintenance issue.

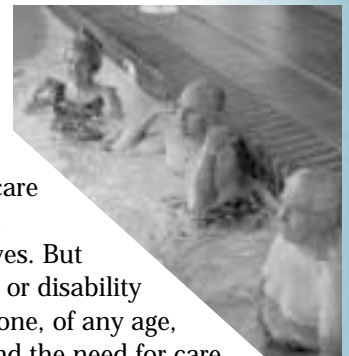
If you hire **sole proprietors, partners or LLC members** to perform work on your behalf, there is now, as always, the possibility that a workers' compensation judge will determine that an employee/employer relationship existed at the time of injury. It may not matter how you framed the relationship when the worker was hired. The decision will be based upon the common law "right to control" and "relative nature of the work" tests as they are applied to the specific circumstances of the relationship between the employer and the worker at the time of the injury.

If sole proprietors, partners and LLC members do not elect coverage for themselves on their own policy, an inference could be made that the worker is relying on your coverage. For this reason, your insurance company may require that certificates obtained from sole proprietors, partners and LLC members indicate that coverage has been elected on their policy. Otherwise, their remuneration will be added to your premium basis.

It is important to know how your carrier is treating sole proprietors, partners and LLC members, so don't hesitate to call us if you have any uncertainty about it.

Long-term care insurance—you need it, too

Many people dismiss the possibility of no longer being able to care for themselves during their lives. But sudden illness or disability can strike anyone, of any age, at any time; and the need for care arising from a debilitating condition is universal.



Long-term care insurance pays a daily benefit when you need help to perform certain activities of daily living, such as eating, bathing, dressing, etc. Premiums vary depending on age at the time of enrollment and the benefits chosen. Typically, premiums are lower the younger you are when enrolled.

With LTC, you can choose who will care for you and where, maintain your standard of living and preserve your assets. Benefits from an LTC policy generally range from \$75 - \$175 daily.

Call our office today to protect your plans for the future.

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Happy employees are loyal employees

Recruiting and retaining valuable employees is one of the most important strategies an employer can use to build a successful business. There are many different benefits and perks that can be used to achieve these goals, but the first step is to offer a safe, secure work environment and an equitable compensation package. Without this solid foundation, everything else is a misuse of valuable resources.

After establishing a solid foundation, there are many benefits and perks that can give your organization the value-added incentives that potential employees are looking for. Some examples of these include:

- Flexibility—For some employees, flexible schedules allow them to pursue outside interests or spend more time with family, while still working a required amount of hours.
- Incentives—The opportunity for advancement drives many employees to do great work.
- Casual dress—When appropriate, this can be a simple way to help make your employees more comfortable in their work environment, which can increase productivity and satisfaction.
- Educational benefit programs—Survey after survey shows that although only about 10 percent of employees will take advantage of such programs, most see them as an important perk.
- Fun—Spring for lunch one Friday every month. Have an employee picnic. Take employees to a baseball game. Employees appreciate a boss who will occasionally lighten things up.
- Compliments—If an employee is doing a good job for you, don't hesitate to say it. Few things are as easy, inexpensive and effective as recognition.

Remember, if you keep your employees happy, they will be loyal.

Don't be a statistic

Reduce workplace violence

Workplace violence continues to make headlines and threaten the business community.

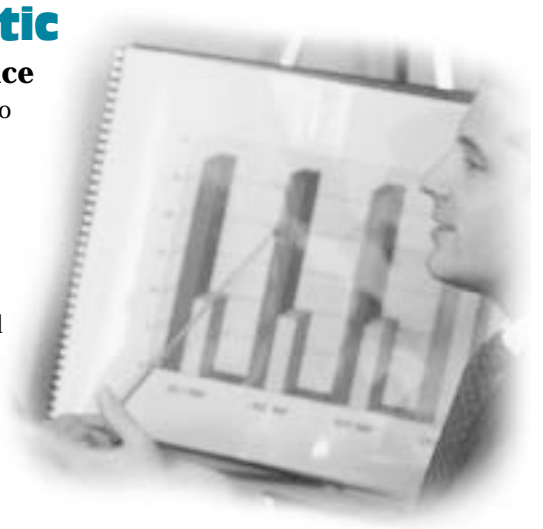
An estimated 1 million workers annually, at 18,000 per week, are victims of nonfatal workplace assaults.

Any employer or business could be held accountable as a result of an incidence of workplace violence. Employers' failure to address problems of workplace violence could make them subject to liability for negligent hiring, retention or supervision.

Employers can take preventative measures including limiting access to the workplace, improving lighting and visibility, training employees and installing security devices.

Employers can also limit the risks of violent acts by screening applicants thoroughly and investigating all threats of violence at work.

Maintaining a written policy concerning violent workplace acts is also important. The Occupational Safety and Health Administration recommends such policies convey the following: 1. all employees are responsible for maintaining a safe work environment; 2. acts of physical violence, harassment, intimidation and other disruptive behavior are covered; and 3. incidents involving co-workers are covered, as well as incidents involving individuals from outside the agency perpetrating violence against agency employees.



Protect your estate

It's a fact that "you can't take it with you," yet nearly 70 percent of Americans don't have a will. Proper estate planning can ensure your loved ones are taken care of after your death.

The most basic part of just about any estate plan is a **will**. A will can be very simply done and stated, and should begin with an asset inventory. Formulate a list of items you own, their estimated net values and the form of ownership. Consider beneficiaries; list their names, ages, relationships and any special needs. Establish your objectives and hopes for yourself and each beneficiary. The will must be signed by at least two, or in some states, three, witnesses. Without a will or trust, a state's law of intestacy will decide



how your property is distributed—not you.

Acquaint yourself with the state's probate laws. Probate is a legal process that occurs after someone dies, with lawyers and court fees paid from estate property that would otherwise go to the recipients of the inheritance. Most states allow a certain amount of property to pass free of probate, or through a simplified

probate procedure. Probate-avoidance methods also exist. By way of either a life estate trust or a living trust, an individual can avoid problems associated with states' probate processes.

Once you've done this, you can further ensure the stability of your future by purchasing a life insurance policy. Give us a call to find out the details.



Business interruption insurance is the way to go

Business interruption insurance will add a lot to the security of your business. What if you are hit with a disaster such as a fire or hurricane? Imagine your business is shut down due to a disaster. Your ability to generate cash will be severely hindered. You will lose not only profits, but also the ability to cover ongoing expenses such as payroll, taxes, loan payments and utilities. Also, you need to consider the expenses associated with recovering those losses or operating your business in another location.

Business interruption insurance is your ticket to keeping your business running in the unfortunate event that your operations are hit by a disaster. It will reimburse you for the lost profits and the fixed expenses of your business in the event of such an interruption.

Knowing your risks is the best way to determine the type of insurance plan that is right for your business. You need to decide whether or not your company can afford the loss of business and the expense of re-establishing your business in the event of a disaster.

Business interruption insurance can save your company from a serious or complete setback. Planning for the interruption of your business requires more than just an insurance policy. You need the professional skills available through our agency to help guide you. Don't waste time—give our agency a call today.

Are you ready for catastrophe?

Catastrophes occur with little or no warning. They have an impact not only on thousands of homeowners and renters, but also on a community's businesses. Many businesses can be either destroyed or forced to close due to severe damages, costing business owners huge financial losses. In addition, some businesses may not have the right kind of insurance or enough insurance to cover their losses, which may make it difficult for them to recover quickly.



You should make sure your building conforms to damage-resistant building codes in case of a violent windstorm or earthquake. The **catastrophe recovery plan** of a business should include the following:

- * Keep duplicate records of accounts receivables and other important business records and lists of equipment;
- * Identify critical business activities and the resources needed to support them;
- * Find alternative facilities, equipment and supplies, and locate qualified contractors;
- * Set up an emergency response plan and train employees on how to carry it out;
- * Compile a list of important phone numbers and addresses; and
- * Decide on a communications strategy to prevent the loss of clients/customers.

Insurance also plays a major role in the recovery of a business after a disaster. You should review your policies regularly to ensure there are no gaps in coverage. You should also make sure you have enough coverage to pay for indirect costs of a disaster, and the cost to repair or rebuild. You may also want to consider property, business interruption and extra-expense insurance policies. Remember you will likely recover from a disaster more quickly when you plan in advance by purchasing the right insurance and when you develop and maintain a strong recovery plan.

Call our office—before you're faced with a possible catastrophe. We can help you determine what type of coverage will best suit your business needs.

Let EPLI work for you

Every organization, large or small, faces the potential of legal action from former, current or prospective employees. Whether frivolous or phony, the financial risk to your business in defending any claim is evident. If your company becomes the target of such action, will your resources be stretched, even exhausted?

Consider these facts:

- Employment-related suits are the fastest growing civil cases in the United States.
- In the 1990s, more than \$1 billion was paid by U.S. companies arising out of employment-related claims.
- Employees win more than 65 percent of all claims.

Most general liability policies specifically exclude employment-related claims. **Employment practices liability insurance** is designed to cover you and your company against allegations of wrongful termination, sexual harassment and discrimination.

Many insurance companies offer their EPLI policyholders loss control programs tailored to minimize the risk of a claim. Depending on the carrier and policy terms, such programs are offered at no additional charge or at a significantly reduced rate.

Call our office today, and let one of our agents find EPLI coverage that fits your business.

Call us first if you have any questions about your insurance coverage.

Telecommuting—the office choice of the decade

With 50 million Americans now working at home either part time or full time, telecommuting is rising in popularity. People are discovering higher productivity and greater quality of life by using telecommunications rather than cars to connect with their offices.

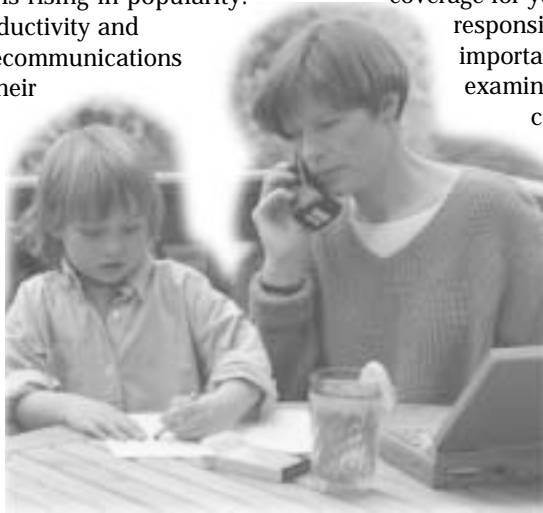
Telecommuting has become such a popular work option mainly because it offers substantial benefits to both employers and employees. Some telecommuters work from home one or two days a week, while others function outside of the corporate environment for more extended periods.

Some of the corporate benefits of telecommuting include the following:

- * cost reduction of office overhead and support services;
- * lower absenteeism;
- * greater area from which to recruit employees; and
- * improvement in employee morale.

Some of the employee benefits of telecommuting include the following:

- * increased job satisfaction;
- * flexible work hours;
- * less transportation woes due to bad weather or road repair work; and
- * increased productivity and commitment.



Do telecommuters have special insurance needs?

There is a special set of concerns regarding insurance coverage for your employees' property and for their legal responsibility to other people. There are some important coverage needs that telecommuters must examine. In order to determine what insurance

coverages need to be addressed, clearly identify the exposure to business losses.

Have your employees document the following:

- What routine job duties do they perform in their home?
- Are any tasks hazardous?
- Who visits their home because of their job (clients, vendors, suppliers, others)? Be specific.
- How often do such people visit?
- What equipment is used in their job? (Is the equipment

used only for their job? Who owns each piece of

equipment?)

Once you have an idea of the loss exposures your employees face while performing their job at home, you need to have them discuss their situation with an insurance professional. They will help your employee find additional coverage options as well as help identify what coverage gaps must be addressed by you.

Call our office. If telecommuting is in your business's future; we can help.

Volunteers—read this!

In 1997, the Volunteer Protection Act became effective. This federal law was good news for all those who volunteer, or have always wanted to volunteer for nonprofit organizations. It provides liability protection for harm a volunteer may cause as long as the following are true:

- * the volunteer was acting within the boundaries of his or her responsibilities;
- * the volunteer was properly licensed, certified or authorized for the activity that caused the harm;
- * the harm was not caused by the criminal misconduct, gross negligence or flagrant indifference to the safety of the person harmed; and
- * the harm was not caused by the volunteer while operating a motor vehicle, boat, aircraft or other vehicle for which the state mandates the operator or owner to be licensed or to maintain insurance.

The Volunteer Protection Act will not provide immunity if the volunteer has engaged in misconduct such as a crime of violence, or violation of civil rights law or if the volunteer is under the influence of drugs and/or alcohol.

Because there are still some limitations and qualifications on immunity, check with our agency to be sure that you have the appropriate insurance coverage.

Which car should you drive?

Are your employees driving their own cars on company business?

If they are, you should be aware that your company's auto insurance policy does not protect them.

The nonowned auto portion of a company's auto policy does protect the organization for any liability it may have, but it does not cover physical damage to the auto and it does not cover suits against the employee individually.



Make sure employees understand that their own insurance will have to respond to any accidents that may happen on company business.

Use your employee handbook to clearly state that employees are expected to purchase their own insurance. Point out that this cost is part of the mileage reimbursement from the employer. A statement to this effect also may be included on expense reimbursement forms.

If you have any questions, give us a call. We'll be happy to help you.