

# YOUR Business

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New Jersey

## Renewing insurance coverage

Running your own business brings with it a multitude of concerns that vie for your attention: vendors that deliver *almost* what you ordered; employees who take unscheduled breaks *and* office supplies; and that one customer who seemingly won't be satisfied until he gets your goods and services for *free*. So why add to your troubles?

There are simple steps that can help businesses like yours renew their policies without worry and without a break in coverage.

**Synchronize policies.** There's no reason to prolong the process. If you can, set up your insurance policies so they have a common date of renewal. Grouping your coverage like this allows you to condense annual renewals into one process as opposed to five. Also, the single renewal date grants greater flexibility should you wish to change carriers. When choosing a date, avoid the most popular renewal dates, Jan. 1 and July. 1.

**Start early.** You should begin the renewal process two to four months before your actual deadline. This should set you up to receive updated premium quotes three or four weeks before renewal and allow you time to respond.

**Keep records up-to-date.** Make sure your insurance provider has the most current loss history for your company. If your insurer bases your renewed rate on outdated information, you could end up paying an inflated premium.

Keep our agency informed of changes in your operations throughout the entire policy period.

We may have other suggestions to help make your renewal process as headache-free as possible. Call today.



## How can we help you?

As independent insurance agents, we are not locked into selling you insurance from only one company. We are able to provide you with competitive insurance rates because we shop around for the best rates for you. We also have the flexibility to create customized insurance packages specific to your business. And as your business grows, we will review your policies to be sure you have the right amount of coverage.

Because we have access to more than one company, not only can we shop around, we usually can provide your business with all the different lines of insurance you may need.

Stop by our office or give us a call. We are here to help.

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# Violence in the workplace: Is there anything you can do to prevent it?

The media highlights stories of employees or former employees killing or injuring individuals in their workplace. And, while the odds of a similar scenario happening in your office are relatively low, there are other kinds of violence that could be happening right now.

Physical or verbal assaults, threats, coercion, intimidation, all forms of harassment—any act that creates a hostile work environment and negatively affects employees—are all examples of workplace violence.

If an employee is injured because of inappropriate behavior at work, it is likely covered by your company's workers' compensation policy, which could affect your workers' comp rates in the future. Now is the time to prepare.

## Create a workplace violence prevention program

It's not a question of what should be done, but what **MUST** be done to lessen the possibility of workplace violence. According to the Occupational Safety and Health Administration, it is important to form a workplace violence prevention program. By developing a zero-tolerance policy toward workplace violence and circulating materials and



procedures on how to deal with issues such as drug/alcohol abuse; sexual harassment; threats; standards of conduct; etc., you will keep your employees informed and offer an outlet for them to voice their concerns.

## Pay attention in your hiring practices

Verify the information on your potential employees' resumé. It may be time-consuming, but if someone has falsely represented a place of employment, duration of job or reasons for leaving, what else might the person not be telling you?

It is difficult to determine information in a telephone conversation. Some

human resource people are selective about the information they will discuss over the phone. If possible, try to visit your job candidate's former employer in person—it might help you receive a better understanding of your potential employee, especially if you provide a copy of a waiver signed by the person in question.

## Institute the proper termination techniques

The Workplace Violence Research Institute recommends that when terminating an employee:

- It's better to terminate the person at the beginning or end of the shift;
- Do not allow the person to return to his/her work space;
- Make the firing a statement of fact—something that is not open to debate; and
- If a violent response is anticipated, let the security department know and have them on standby.

However, even if you take all the necessary precautions, there's no way to completely eliminate the possibility of violence. Call us to help you review your workers' comp policy. Together we will check to make sure you are fully covered and the policy is up-to-date.

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# Employees who steal

Though most employers have a trusting relationship with their staff, few are safe from employee fraud.

According to loss prevention specialists, employee theft and dishonesty account for \$60 billion to \$120 billion of U.S. business losses each year. Justice Department statistics indicate insider fraud is growing at a frightening rate of 15 percent annually. Studies by HR Logic, a human resources consulting firm, found more than 5 percent of professional hires already have a criminal record.

More than 75 percent of internal theft by employees goes undetected. Odds are, if you employ 100 or fewer employees, at least one of them is stealing from you.

So how can you protect your business from employee fraud when the criminals blend in so seamlessly with the honest employees?

First, get insurance. Employee fraud insurance is not perfect, but it's available, and all businesses should add it to their policy packages. Employee fraud insurance shields businesses from monetary loss due to theft by an employee or group of employees. Some conditions usually apply, however. The employer must suffer financial loss and be able to prove the employee(s) benefited directly or allowed another individual or group to do so. And while employee fraud policies typically cover all employees, fraud committed by owners or partners is not covered. Nor is fraud perpetrated by independent contractors. These protections must be specifically requested.

Point of fact: It is better to prevent employee fraud in the first place than to scramble to recoup your losses afterward. Here are some tips that may help you dodge employee fraud altogether:

- Conduct background and credit checks on all new employees. If you don't hire them in the first place, they can't steal from you.
- Reward the extra efforts of employees through profit sharing or other incentives.
- Compensate employees fairly. Disgruntled employees often feel their fraud is justified by inadequate regular compensation.
- Keep accounting and check writing functions separate.
- Have business bank statements sent to your home.
- If you suspect theft, contact your lawyer immediately.

Following these steps will reduce your susceptibility to employee fraud. Appropriate insurance will further insulate your business. Call us today to add employee fraud coverage to your policy package.

# Thinking of letting your employees work from home? What about insurance?



Each year, more and more employers are offering telecommuting jobs to their employees. Telecommuters are enjoying the flexibility of their work schedules; getting rid of long commutes and the ability to be at home with their families.

Employers also reap benefits from this arrangement. Overhead is cut; productivity is increased and employee satisfaction is high. It seems like a win-win situation. But how much insurance coverage do you have for your employees who work at home? Where does your responsibility end and the employee's homeowner policy begin?

Most workers' compensation policies will cover your employees who are injured while working at home, however, there may be problems with the coverage, should an employee have nonwork-related hazards that contributed to the injury. It's important to make sure your employees have a safe environment to conduct their business. If possible you should survey the worker's home office to check for any hazards that might affect your workers' comp policy.

Don't forget about all the necessary equipment needed to work at home. Telecommuting requires the use of computers, printers, fax machines and other hardware. To protect your company's

equipment from theft, keep records with serial and model numbers of all the company-owned equipment in the home offices. Also you may need special coverage for this equipment because most business property policies do not cover property more than 100 feet from the business premises.

Something your employees should keep in mind before deciding to telecommute is that most homeowners policies restrict or exclude coverage for property having a business-related use. Liability for business activities in the home also are not covered by a homeowners policy.

Although telecommuting has advantages for both parties, there is a chance that gaps in the company's policy and the individual's homeowners policies might occur. It's important that both you and your telecommuting employees review your coverages to make sure everyone is protected.

## Proactive protection: Are you ready to continue if a disaster strikes?



Do you believe insurance will adequately protect your business in case of an emergency or disaster? If you're like 76 percent of small-business owners, you do. If you're careful, in addition to your general property and liability policies, you probably carry business interruption insurance to assist with the operating of your business during a temporary shutdown. And depending on your locale, you also might have flood insurance.

From an insurance standpoint, you could have all your bases covered. However, if you don't have a business resumption plan, your business might not survive a disaster. This BRP is a planned and tested response to a potential

problem, whether it is a natural disaster, theft, energy loss, equipment failure or security breach. More specifically, it's a risk management document that summarizes your businesses functions, assets and personnel. It helps guide you through the steps of recovering facilities, communications and operations so you can quickly get back to conducting business in the aftermath of an unforeseen event.

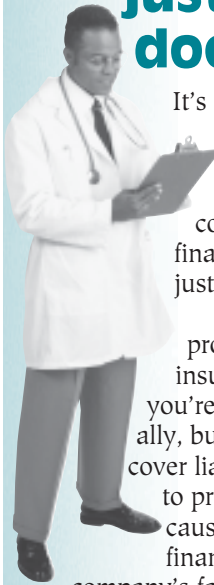
Following are some ideas to consider when putting your BRP together:

- Determine how you will ensure the physical safety of your employees;
- Determine your critical business applications and prioritize them;
- Establish a recovery site if your office is unavailable;
- Make sure you have off-site storage of vital information and legal documents. Backup your computer's basic operating system, boot files, essential software and all passwords;
- Put your crisis management team in place; and
- Keep an ongoing record of inventory of equipment, including serial numbers, estimated cost and photographs.

Once you have this plan in place, reviewing and updating it should be easy. Set up a regular schedule to do this. Keep a copy of the plan at home and give a copy to each member of your crisis management team.

Call our agency to determine if you have the coverage you need to keep you going in case of a disaster. None of these steps will prevent a disaster, but they will give your business a fighting chance for survival.

## Malpractice isn't just for doctors



It's not just those in the medical profession who need to be concerned with malpractice. Other professionals such as computer consultants or financial planners can be sued just as easily.

Although your company probably has standard business insurance, it may not be enough if you're in a service business. Usually, business owner policies only cover liability issues concerning loss to property or injury to persons, caused by an accident. Claims for financial injury regarding your company's failure to provide adequate professional service are handled by errors and omissions insurance. These days it's not enough to simply deliver an outstanding level of service. Unhappy clients still can sue you if they believe they are right—regardless of the validity of their claim.

E&O insurance protects against the incredibly high legal costs of potential lawsuits that can take a toll on your company's financial stability. It also protects you in case of a claim against you for negligence or wrongful acts in the performance of your duties.

We can help you determine what coverage is necessary to protect you in the event of a lawsuit. An angry client or customer can be your business' worst nightmare. Think of E&O insurance as a safety net for your company.

## Cutting tails and planting noses

Chances are, if you have a professional liability policy, directors and officers liability policy, employment practices liability policy or environmental liability policy, then you have a **"claims-made"** type of policy. Since most liability policies are of the **"occurrence"** type, you may need some help to distinguish between these two types of policies.

The distinction lies in how each policy's coverage is triggered by an event. Both policy types require an occurrence (that is, the event causing the loss) to take place before the end of the policy period, which is the expiration date. However, in order to be an **"occurrence"** policy, the occurrence also must take place after the policy begins, which would be on or after the effective date. So, if the occurrence falls within the policy term, an **"occurrence"** policy is triggered, and remains triggered for as long as it takes for a claim to be made against the insured. Because an **"occurrence"** policy permits claims to be made against it years after the policy has expired, we like to say that it has a tail.

Now, to convert the **"occurrence"** policy to a **"claims-made"** policy, you chop the tail off and add a nose. When the tail is chopped off, the claim or suit must be filed by the end of the policy period (subject to extended reporting periods) or it is not

covered by that policy. Successive policies must be purchased in order to trigger coverage for claims made at some point in the future in response to occurrences that have taken place in the past.

At the other end of the timeline, a **"claims-made"** policy adds a nose by allowing occurrences to take place after a specified date in the past, referred to as the retroactive date, instead of limiting coverage to occurrences that take place on or after the effective date of the policy. So, if an occurrence took place five years ago (after the retroactive date), but a claim is made before the end of the policy period, a **"claims-made"** policy would be triggered. We sometimes refer to this insurance for past events as **"prior acts"** coverage.

In contrast, an occurrence policy would not respond to an event that took place five years ago, because no event that occurs prior to the policy period is covered. Of course, if the retroactive date of a **"claims-made"** policy is not set at some date before the policy effective date, the **"claims-made"** policy also will have no nose, in which case, it will be noseless and tailless.

As you can see, a claims-made policy has unique characteristics that have important implications in making coverage decisions. Consider our staff as your guide dog through the noses and tails of policy triggers.

## Key person life insurance could save your business

Key person life insurance is an affordable way to prevent your business from sinking if a critical employee passes away. It works like individual life insurance—when the insured dies the policy pays out a benefit. Instead of an individual insuring himself or a family member, the business owns the policy and pays the premium. If the insured dies, the business is the beneficiary and will receive the policy payout. Another type of coverage to consider is key person disability insurance.

Your business could suffer just as much if your key employee becomes disabled.

How do you determine who needs this insurance? Look at your business. Think about who is irreplaceable in the short term. Think of how much your business would need to survive until it could replace this person and get back on its feet. Put together a plan for how your business would function without key employees. It will be helpful to you and may be required by the insurance company.

If you have several key employees, check into whether some have responsibilities they can train fellow employees to do. It can help make a potential transition easier.

Call our agency. We will help you purchase a policy that will fit into your budget and address your short-term cash needs should your key person become disabled or pass on.