

Adding additional insureds

In many situations, you may be asked to add another party as an additional insured on your commercial general liability policy. Landlords, entities for which you perform operations and entities from which you lease equipment are some of the most common types of additional insureds that want to be added to insurance policies.

Before agreeing to add an additional insured to your policy, there are a few things you should consider. Adding an additional insured means that you are agreeing to share your limit of liability with the other party. As an example, if you have a policy limit of \$1,000,000 and add your landlord as an additional insured, you share the \$1,000,000 limit should an accident occur. This means that less of the protection you pay for is available to protect you.

Some policies include automatic coverage for some additional insureds, commonly referred to as “blanket” additional insured coverage. Just because a policy has this coverage, though, doesn’t mean that any entity that asks for additional insured status has it. These endorsements have descriptions of the types of entities that are covered automatically and limit coverage to those that fit the description. Most also require that there be a written contract, which requires the entity to be included as an additional insured.

In the past few years, the endorsements used to add additional insureds to policies have become more restrictive. In many cases,

coverage for liability that arises from your completed operations does not apply to additional insureds. More recent changes in many jurisdictions include a limitation of coverage for additional insureds to situations where the named insured is solely or partially negligent. While these more restrictive endorsements may insulate your policy from paying claims on behalf of additional

insureds, they do increase the possibility of problems with contracts you may sign.

We strongly recommend that you and your attorney carefully review any contracts before you sign them, to make sure that you are not agreeing to give coverage that is broader than your insurance policy provides. Remember, too, that the contract you sign today may extend into future policy terms, policies to which the more restrictive endorsements may be added.

We urge you to contact us if you aren’t sure what type of protection your policy does or can provide for additional insureds.



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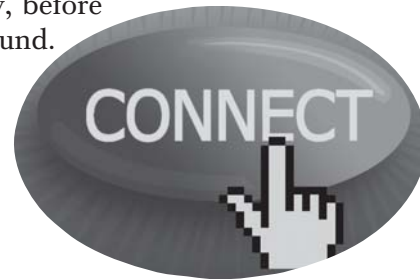
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Failed IT projects can threaten your business

The world is going paperless. And, while the conversion is progressing more slowly than many expected in the days of the dot-com bubble, change is coming nonetheless. With that shift, business finds itself more and more a captive of the very technology that streamlined processes and cut costs. We've made technology so integral to our business that failure of a system to function as envisioned can threaten a company's very existence. With the information technology project failure rate hovering steadily above 50 percent, the danger is real.

What can your business do to limit the risk of IT failure? Here are some suggestions to consider when beginning any new project.

- *Draft a strong project charter*—An IT project can rival any civil engineering project for complexity. Set out a definite mission statement at the very beginning, and check it frequently.
- *Strive for accurate estimates*—Optimistic estimates won't help if they don't reflect reality accurately. Look at the best, worst and most-likely case scenarios. Use them to create a realistic average.
- *Ensure appropriate staffing*—Projects staffed with the people available instead of the people qualified to do the job are doomed to failure. Put the right people on the job. If you don't have the right people, hire them.
- *Do business with the best*—If you turn to an outside vendor, avoid minor players unless you can verify experience and a track record worthy of your project.
- *Check your vendor's insurance*—Before you sign a contract with any vendor, check its insurance. Any IT supplier should carry errors and omissions coverage. Make sure it covers the risks inherent in your project.
- *Check for appropriate coverage limits.*
- *Avoid the bleeding edge*—It cuts, and it's just not worth the glamour of the "early adopter" title to be the beta test for an unproven technology.
- *Take the project's pulse often*—Have someone assigned to track the project, give it a push when it needs one and detect glitches as they come up.
- *React promptly when glitches arise*—Even the smoothest-running project will have glitches. Fix them immediately, before they compound.



Cover your fleet—even if it's only a fleet of one

When you buy a car, you know you need to purchase a personal auto policy. But is this coverage enough if you drive around for business purposes? Even if your company doesn't own a fleet of vehicles, it doesn't mean you can pass on commercial auto insurance.

If your business owns a company car you need to purchase a commercial auto policy. This type of policy is meant to protect your business' assets in the event of an accident.

A commercial auto policy has several parts. Liability will be the biggest factor in your business auto policy. Liability protection comes in two parts—bodily injury and property damage. Bodily injury liability will protect your business from being sued for bodily injuries, lost wages or even death by a person involved in an accident with one of your employees. Property damage liability will cover the cost of damages done to property and structures not owned by your

employee or business in the event of an accident.

It's also good to have collision and comprehensive insurance since it will protect your property. Collision will cover the cost of repairs for damage done to the company car in the event of an accident. Comprehensive takes care of any damage to your car if it is vandalized, broken into or damaged during a natural catastrophe.

Uninsured/underinsured coverage also is a good idea. Basically, this coverage will take over if you're involved in an accident with someone who either has no insurance or if his or her coverage isn't sufficient to cover the damages.

Some extras include towing and rental reimbursement. (However, this doesn't include towing if you are parked illegally.) If you need to be towed to a repair shop, it will cover that and it will cover the cost of a rental car should you need one.

Mold: a growing problem

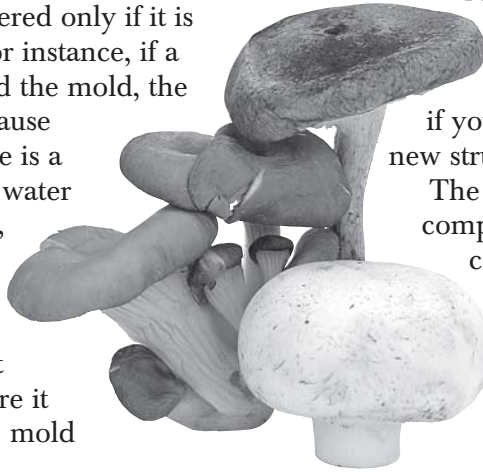
Concern about the consequences of mold contamination has become one of today's hot topics.

Mold contamination is covered only if it is the result of a covered peril. For instance, if a pipe burst and the water caused the mold, the cleanup would be covered because water damage from a burst pipe is a covered peril. Mold caused by water from excessive humidity, leaks, condensation or flooding is a maintenance issue for the property owner and is not covered under the policy. Most companies clean mold up before it becomes a hazard. Remember, mold

cannot grow without access to moisture.

Even if your normal business activities do not appear to present a mold risk, consider the peril as part of your risk assessment for new or unusual activities. For example, if your company decides to build a new structure.

The current trend is for insurance companies to either limit or exclude certain mold claims. To avoid any confusion or problems in the future, give our agency a call. Be sure you know what is covered and what is not.



Preparation for policy renewals

You hired our agency to purchase your insurance and we assure you that we will provide you with the best service possible. So when your policies renew, we need up-to-date and complete information about your business operations to get you the most appropriate coverage. Let's review some information items that will be relevant to particular insurance policies.

Property. If your property insurance is renewing, we will be interested in knowing about property that has been acquired since the last renewal. Are there any acquisitions planned in the future? Have there been significant changes in the value of your property? Is any of your property unusual or difficult to replace? Have you taken any actions that will enhance the protection of your property (alarm systems, sprinklers, safes, fencing, etc.)?

Business interruption. For business income insurance, we need to know your trends for income and expenses in the future if you are unable to operate your business after a property loss. For extra expense insurance, we need to know your costs of staying in business after a property loss. These items must be projected each year in order to get the right amount of insurance.

General liability. For liability insurance, we need to know what changes have occurred to your operations. Are you making new products,

performing new work, expanding your territory, increasing payroll and sales, or stepping up your efforts to prevent accidents from happening?

Workers' compensation. For workers' compensation insurance, the estimation of premium requires your current projection of payroll. Are you subcontracting any work? Are you operating out of state? Have you instituted any safety measures to prevent employee injuries?

Crime. For crime insurance, changes in the values of cash and other property is important for obtaining the right limits. What protection have you added? Are there any new circumstances that increase your exposure to crime?

Internet exposure. Your business may be relying more and more upon the Internet. With the convenience and efficiency of the Internet come many new exposures that may need protection under a separate policy.

The successful renewal of every policy relies on accurate and complete information. Excess liability policies, umbrella policies, directors and officers' liability policies, employment practices liability policies, inland marine policies and professional liability policies are some that require specific information in preparation of renewal.

We are partners in this process of renewing your insurance. Your preparation and our expertise are what makes all of this come together to ensure your business remains a strong asset.



Contractor's Registration Act

Beginning Nov. 9, 2004, contractors who perform home improvement work must register annually with the Division of Consumer Affairs and carry a minimum of \$500,000 in commercial general liability insurance. Proof of the required insurance must be filed with the Division of Consumer Affairs.

Under the law, contractors include any person or business that makes or sells home improvements. Home improvements include remodeling, altering, renovating, repairing, restoring, modernizing, moving or demolishing any residential or noncommercial property.

Certain contractors are exempt from the new law. These include anyone required to register under "The New Home Warranty and Builders' Registration Act" and those performing home improvements on property



they or a family member own, or on property that is owned by a charity or other nonprofit organization. The law does not apply to those regulated by the state as an architect, professional engineer, landscape architect, land surveyor, electrical contractor, master plumber, or any other person in any other related profession requiring registration, certification or licensing by the state. It does not apply to a person employed by a community association or cooperative corporation or to a public utility, nor to those currently required to be licensed as home financing agencies, home repair salesman or home repair contractors. Any home improvement retailer with a net worth of

more than \$50 million is also exempt.

More information about the Contractor's Registration Act can be obtained from the Division of Consumer Affairs at their Web site: www.state.nj.us/lps/ca/contractor.htm or by calling the Division at (973) 504-6200.

Landlord or tenant? Either way, you need insurance

If you are a landlord, a well-designed insurance policy can protect your rental property from losses caused by fire, storms, burglary and vandalism. A comprehensive policy also will include liability insurance, covering injuries or losses suffered by others as a result of defective property conditions.

Also, liability insurance will cover the cost of defending personal injury lawsuits.

If you're a tenant, renting commercial space is a big responsibility. Be sure you understand the basic facts about commercial leases.



Because if you're operating your business with the wrong insurance, not enough insurance or—worse yet—no insurance at all, then you are exposing

yourself and your assets.

Insurance may one day be the only thing that prevents you from having your life's work destroyed in a few disastrous moments. Give our agency a call. We will help you determine what coverages you need to be thoroughly protected.