

DiMatteo Insurance Service Center

79 Bridgeport Avenue
Shelton, CT 06484

Phone: 203-924-4811 / Fax: 203-924-4710

649 Amity Road

Bethany, CT 06524

Phone: 203-393-5900 / Fax: 203-924-4710

Website: www.dimatteoinsurance.com

Risk Manager

Volume 16, No. 4



Property and casualty insurance: covering life's uncertainties

Property and casualty insurance offers a cushion many business owners can reach for when their companies suffer a disaster or other loss. But, how do you know if you are carrying the *right* amount of coverage? On one hand, excess insurance could result in unnecessary expense to your company, but on the other, a shortage of the appropriate coverage could leave you with a large, untimely loss.

Evaluate Your Business Insurance

Business needs evolve over time, often necessitating changes or enhancements to existing insurance policies. To help ensure that all of your needs are adequately covered, you may want to review your policies for the following options, coverages, and features:

- **Building coverage on a replacement cost basis.** In the event of a fire, hurricane, earthquake, or other catastrophe, this option covers the cost of


replacing damaged or destroyed property with new property of like kind and quality without any deduction for depreciation or obsolescence. A depreciation deduction of 30% or more in a large loss could leave a substantial shortfall in insurance to effect repairs.



- **Business interruption insurance.** This type of insurance can cover operating expenses during an interim period if work is temporarily halted due to incidents such as a fire, crime, or an explosion.

- **Liability coverage.** It is recommended that most businesses secure liability coverage of at least \$1 million for business-related injuries and accidents.
- **Protection for valuable papers, documents, and electronic records.** These important information records may be difficult to replace. While many insurers automatically provide coverage for them, you should evaluate your policy provisions to help ensure your coverage adequately meets your needs and potential risks.
- **Protection from theft in the workplace.** An insurance policy should provide coverage in the event company property, or employees' personal property, is stolen, damaged, or destroyed at the workplace.
- **A 90-day notice period.** This allows you to purchase additional coverage for newly acquired property or to add improvements to existing property and equipment to an existing policy.

CONTINUED ON PAGE TWO



Did You Know?

Reducing the effects of noise in the workplace

According to the National Institute for Occupational Safety and Health (NIOSH, 2005), approximately 30 million workers in the U.S. are exposed to hazardous noise on the job each year. Extended noise exposure can cause a temporary ringing in the ears or other temporary changes in hearing (ears may feel stuffed up). Short-term problems like these usually subside within a few minutes or hours after the noise ceases. However, repeated exposures to loud noise can lead to permanent, incurable hearing loss.

Certain industries, such as agriculture; mining; construction; manufacturing and utilities; transportation; and the military, are prone to higher noise levels and, therefore, pose a greater risk of hearing loss to workers. According to NIOSH, industry-specific studies reveal that 49% of workers in the mining industry are likely to experience hearing impairment by age 50, compared to around 9% of the general population; this figure rises to 70% for mining workers at age 60. Approximately 48% of plumbers and 44% of carpenters report a perceived hearing loss. NIOSH indicates that noise-

induced hearing loss is the second most self-reported occupational illness.

Hearing loss is permanent, but it may be easily prevented. Business owners can take several steps to help employees preserve their hearing. The best way is to reduce the hazardous noise level by installing a muffler or an acoustic barrier. Secondly, employers can provide workers with protective devices, such as earmuffs or earplugs, as well as educate workers about their use.

The gradual effect on hearing may go unnoticed, especially if at-risk employees are not aware of the potential consequences. To determine the extent of noise pollution, a business can employ a noise evaluation service to measure sound levels in the workplace. In this way, employers may become aware of *which* employees are most at risk for hearing damage. With regular hearing tests, signs of hearing loss can be detected early and addressed before severe damage is done. Measures of prevention like these can contribute to the possibility of avoiding **workers compensation** claims, higher business insurance costs, and possible Occupational Safety and Health Administration (OSHA) fines.

Property and casualty insurance: covering life's uncertainties

CONTINUED FROM PAGE ONE

Repairs and Maintenance

This is just a sampling of the options you may consider to address your business needs. Since gaps in coverage contained in an insurance policy could result in costly and untimely losses for a company, you should consider periodically reviewing

your property and casualty insurance to ensure it provides an adequate level of protection. Please contact one of our qualified insurance professionals who can help evaluate your business risks and offer advice for obtaining the appropriate insurance coverage.

Consulting and Retirement

According to a 2008 survey of 1,400 chief financial officers (CFOs) by Robert Half International, three out of four executives (75%) view consulting as an attractive means to segue into retirement. The CFOs surveyed cited the following advantages of consulting at this stage in life: remaining in the workforce while working fewer hours (47%), earning money to supplement retirement (38%), and gaining experience working with a variety of firms (11%).

Working While on Vacation

Employees may have trouble leaving work behind while away from the office, according to CareerBuilder.com's annual vacation survey. Results revealed that one-quarter (25%) stay in contact with the office, and almost one in ten (9%) feel their bosses expect them to be working or at least checking voicemail and e-mail while on vacation. Sales workers are most likely to check in with the office, with 50% planning to do so this year.

Initiatives for Families at Work

A number of family-friendly benefits and programs are on the rise in today's workplaces, according to the 2008 National Study of Employees (NSE), which is sponsored by the Families and Work Institute. The study showed that 39% of employers provide information about elder-care services, 65% offer employee assistance programs (EAPs), 60% provide wellness programs, and 31% offer health insurance to unmarried partners of employees.

For Your Information



Partners for Growth

The Smart Growth Network (SGN) is a partnership of government, business, and civic organizations that aim to explore alternative development patterns with the goals of boosting the economy, protecting the environment, and enhancing community vitality. This type of smart growth often is town-centered, is oriented to transit and pedestrians, and has a greater mix of housing, commercial, and retail uses. For more information about their programs and resources, visit www.smartgrowth.org.

Business Recovery

Since no business is immune to the possibility of a natural or man-made disaster, the Federal Emergency Management Agency (FEMA) encourages all companies to create a checklist for disaster planning. Through the FEMA website, www.fema.gov, business owners can learn what steps to take to prepare for disaster recovery. Specifically, the checklist focuses on executive awareness, plan development and documentation, management and recovery team assessment, and team and plan maintenance.

Promote Energy Efficiency

ENERGY STAR, a joint program of the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy (DOE), promotes energy-efficient products and practices in order to help save money and protect the environment. Their website, www.energystar.gov, provides information and technical support specifically targeted to small businesses, to help plan an energy strategy.

Buying a car? safety matters

If you're in the market for a new or used vehicle for your business, you're likely to be weighing a number of different factors. Price, performance, and gas mileage are important considerations. Additionally, many car buyers are increasingly adding another concern to their "wish lists"—safety. While a safe vehicle obviously provides better protection for you and your employees, it may also offer the advantage of lower auto insurance rates.



What causes one car, van, or truck to be safer than another? A vehicle's design and safety features can make the difference. Here are a few considerations to keep in mind:

Restraint Systems. As seatbelt use has increased over the years, accident fatalities have declined. Shoulder belts with adjustable upper anchors help keep the belt properly positioned across the chest, and adjustable head restraints can help minimize neck injuries. Crash tensioners take up belt slack during a crash, limiting forward movement.

Air Bags. Many fatalities occur as a result of head-on or front-angle crashes, and air bags may reduce the risk of serious injury in these accidents. According to the Insurance Institute for Highway Safety (IIHS, 2006), air bags reduce driver and front passenger deaths by 14% and 11%, respectively. If occupants also wear their seatbelts, the risk of death is 12% lower among drivers and 9% lower among passengers.

Antilock Brakes. Hard braking can cause wheels to lock up, especially in slick driving conditions. Antilock brakes help prevent wheels from locking up by automatically pumping themselves several times per second. Bear in mind that while they enhance control, antilock brakes do not help a driver stop more quickly. Brake assist, however, increases brake pressure during emergency stops.

Traction and Stability Control. Traction control systems limit wheel spin during acceleration. Electronic stability control (ESC) enhances handling through turns, minimizing skidding.

Vehicle Size, Weight, and Design. Large, heavy vehicles tend to provide better protection for drivers and passengers than small, lightweight vehicles. Structural reinforcements, such as reinforced roofs and side beams, help protect passenger compartments in roll-overs or side impact crashes.

Telematics. For safety purposes, vehicle telematics can provide automatic collision notification to a central dispatch center. This information and communications technology can also be used to recover stolen vehicles and request emergency assistance.

Though not all safety features directly affect insurance costs, they help improve the odds of avoiding an accident or, at least, help minimize injuries if one should occur.

“Insure” success with your home-based business

Business owners with home-based companies face unique insurance considerations. Your **homeowners or renters policy** is *not* designed to protect your home-based business.

In general, homeowners policies provide limited coverage (typically around \$2,500) for business equipment, which may be inadequate for most high-end personal computers and printers. In addition, liability coverage is unlikely if someone is injured on your property during business hours. Also, income losses due to business interruption do not come under the purview of a homeowners policy. There are three basic ways you can help ensure adequate coverage for your home-based business: 1) obtain endorsements, or added coverage, to your existing homeowners or renters policy; 2) buy an **in-home business policy** that specializes in business conducted from home; or 3) buy a **business owners policy (BOP)**.

Homeowners Policy Endorsements

Depending on the *type* of business you run, you may be able to increase your homeowners policy limits for business equipment and general liability for a relatively small, additional premium. For example, if a courier slips on your icy front walk, a **liability endorsement** may protect you from responsibility for paying damages if legal action were taken against you. The type of business you operate may affect your insurability for liability protection using an endorsement.

It is important to keep in mind that while most homeowners policies protect against severe weather, not all types of damage are necessarily covered. Dam-

age from wind, lightning, hail, and snow is generally included in the average homeowners policy; however, most homeowners policies exclude flood coverage. If you are located in a flood zone, you may need to get a separate flood insurance policy to protect both your home and your home-based business.



In-Home Business Policies

For more comprehensive coverage, consider an in-home business policy. You can select higher limits for business property, as well as **business interruption coverage** that will provide for lost income and ongoing expenses if you are unable to operate your business because of damage to your home. This is in addition to several other business-related coverage features that are typically unavailable in a homeowners policy. For example,

coverage may protect against the loss of important documents and records, accounts receivable, and off-site business property or equipment. Furthermore, the liability concerns for a home-based business owner are broader than the scope of a typical homeowners policy. An in-home business policy generally offers liability coverage for accidents that occur on the premises, as well as for legal action taken against you as a result of your business services or products.

Business Owners Policies (BOPs)

Lastly, for business owners with more involved operations, including manufacturing and other operations outside the workplace, a BOP might be a better fit. BOPs generally include the following: coverage for a building and its contents; business interruption coverage in the event a catastrophe, such as a fire, forces operations to cease; and liability protection for all your business operations.

Typically, a BOP covers business property that is exposed to risks such as fire, smoke, hail, wind, theft, vandalism, and some forms of water damage (for instance, from leaking roofs or broken pipes). Insurable property includes, but is not limited to, buildings, office furniture and equipment, machinery, inventory, and signs.

While you can increase your homeowners coverage to meet some of your business needs, insurance solely for your business does not replace coverage for your home. Assess *all* of your needs to determine the best course of action for your home-based business insurance. Your insurance professional can assist you with this assessment.