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Risk Manager

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An environmental issue: something in the air?

Indoor air quality (IAQ) is a growing concern for many companies. Whether you are a business owner or building owner, you should take potential IAQ problems seriously. According to the Environmental Protection Agency (EPA, 2006), poor ventilation, exposure to air pollutants, and inadequate amounts of fresh, outside air could put your employees or occupants at risk for a number of well-identified IAQ-related illnesses, including asthma, Legionnaires' disease, and pneumonia. In addition, employees may experience symptoms that are difficult to trace to a specific source, such as fatigue, sneezing, headaches, dizziness, nausea, irritability, or forgetfulness. Known as sick building syndrome, these could indicate serious health problems related to IAQ.

If left uncorrected, air quality problems could prove costly for your business, resulting in lost productivity, increased absenteeism, and decreased employee morale. In addition, you should be aware that if

a serious problem arises, employees might turn to litigation.



Even New Buildings Can Be at Risk

The World Health Organization (WHO) estimates that up to 30% of new or remodeled commercial buildings have high rates of health and comfort complaints from occupants that could be related to IAQ. The following factors are the major causes of unhealthy indoor air in commercial buildings:

- 1) Air pollutants.** Commonly found sources of office pollutants include building materials, pressed wood products, furnishings, cleaning supplies, water-damaged walls, paints, adhesives, copy machines, photography and print shop chemicals, and pesticides.
- 2) Poorly designed, operated, and maintained air conditioning and ventilation systems.** Problems may arise when ventilation systems do not circulate an adequate amount of outdoor air; when outdoor intake vents bring in air contaminated by automobile exhaust, tobacco smoke, and other fumes; and when polluted air is circulated throughout the building. Poorly placed or blocked air vents may also contribute to these problems.
- 3) Unintended or poorly-planned uses of buildings.** When offices are added to buildings used for specialized purposes, such as restaurants, dry-cleaners, and print shops, air pollutants travel into these parts of the building. Also, when specialized buildings

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Did You Know?

The office party—consider liquor and liability

When planning company functions, business owners may question the appropriateness and circumstances surrounding the presence of alcohol as a part of the festivities. While alcohol may seem to be a “fun extra” that adds to the party, businesses do need to beware of the liability involved with its consumption if an alcohol-related accident were to result.

Lawsuits resulting from a liquor liability could lead to a costly drain on a business’s resources. In addition to the costs of legal defense and damages, a liquor liability lawsuit could bring negative publicity to a company and require long hours of staff involvement in court depositions and testimony.

When Are You Liable?

A court may find a business responsible for an alcohol-related accident if the following apply:

1. The event was held to further a company’s interests, including the interests of developing bonds between employees and thanking employees for work done throughout the year, two common reasons for holding company parties.
2. Employees were requested by invitation or required (directly or by implication) to attend the function.
3. An employee consumed alcohol knowing that he or she would be driving from the function.
4. The primary cause of intoxication occurred while the employee was at the company event, not afterward at a non-business-sponsored extension of the party.

Attempting to Control Liquor Liability

The best way to avoid liquor liability altogether is not to mix alcohol with a company function. However, if alcohol is going to be served, businesses can take steps to limit consumption and plan for the possibility of overconsumption. One way to limit drinking is to give out drink tickets; after a certain number of free drinks, employees must either stop drinking or purchase additional drinks on their own. Another technique to downplay drinking might be to serve non-alcoholic drinks for free, while charging for alcoholic beverages. Businesses should also consider serving some type of food to temper the effects of any alcohol. Regardless of attempts to control consumption, owners should plan to provide designated drivers or taxi services, just in case the need arises.

To further protect a business in the event of alcohol consumption, an owner should confirm that **host liquor liability insurance**, which provides coverage for companies not “in the business of manufacturing, selling, serving, or furnishing alcoholic beverages,” is included in the business’s **commercial general liability policy**. Keep in mind that host liquor liability coverage may not apply if a business is involved in any function that charges (even indirectly) for alcoholic beverages or if a liquor license is required. Separate coverage may be arranged in those instances.

No business can afford to take chances with liquor liability. Before you decide to serve alcohol at your next office party or company event, please give us a call to make sure you are adequately protected.

Telecommuting Popular among Employees

Fewer than a quarter of workers currently have the option of telecommuting, but most would like to work away from the office at least part-time, according to a 2006 survey by professional staffing firm Hudson Highland Group. A total of 59% of respondents indicated they would telecommute for at least part of the workweek, with 21% preferring full-time work at home.

Employers Implement HPM Strategies

In response to growing evidence that employee health affects productivity, employers are adopting strategies to encourage employee health, according to the Integrated Benefits Institute. A 2006 survey showed that 56% of respondents either have in place, or plan to implement, a health and productivity management (HPM) strategy. HPM-related practices may include employee assistance programs, benefits education, wellness programs, disease management, and nurse case management.

Job Seekers Value Interesting Work

According to a 2006 survey of job seekers, conducted by global management consultancy Accenture, challenging and interesting work is the most important characteristic of potential employment, selected by 60% of all respondents. Other important aspects include recognition for accomplishments (58%), fast career growth (44%), employer longevity and stability (42%), a people-oriented business culture (42%), and flexible working arrangements (41%).

For Your Information



Pension Act Affects Retirement Plans

In addition to tightening regulations for defined benefit plans and extending tax incentives for retirement savings, the Pension Protection Act of 2006 provides business owners greater ability to facilitate defined contribution plan savings. The law explicitly allows employers to automatically enroll employees in their retirement plan and to make default contribution decisions on behalf of participants. Plan sponsors are, under certain conditions, allowed to provide personalized investment advice to participants. The legislation also makes permanent the Roth 401(k).

Recognizing Commuter Benefits Programs

Sponsored by the U.S. Environmental Protection Agency (EPA) and the Department of Transportation, Best Workplaces for Commuters provides national recognition to businesses that offer outstanding commuter benefits to their employees, such as free or low-cost bus passes, strong telework programs, carpooling matching, and vanpool subsidies. For more information, visit www.commuterchoice.gov.

Resources for Teen Entrepreneurs

The U.S. Small Business Administration (SBA) offers resources to teen entrepreneurs at www.sba.gov/teens. Questionnaires guide teens through developing a business idea, writing a business plan, handling money matters, and avoiding legal issues. In addition, the site provides links to other helpful resources and a forum for networking with other young entrepreneurs.

Facts you should know about flood insurance

The Federal Emergency Management Agency (FEMA 2005) reports that flooding causes over \$2 billion in property damages each year in the U.S. Considering its relatively low cost and attendant peace of mind, **flood insurance** may be a valuable addition to your business insurance program. Be sure to remember the following when considering flood insurance:



- **Floods can occur anywhere.** Your business doesn't have to be located near water to be flooded. Storms, melting snow, hurricanes, and dam or levee failure can all cause floods. According to FEMA (2005), almost one-quarter of flood insurance claims are filed by those in areas with minimal flood risks.
- **Other policies do not cover flood damage.** Property insurance generally excludes damage caused by flooding. To protect your business location and belongings from flood damage, you can purchase a policy backed by the National Flood Insurance Program (NFIP), a division of FEMA. Coverage for non-residential property is available for

up to \$500,000 for the building and \$500,000 for contents.

- **Flood insurance is available everywhere.** It doesn't matter whether your flood risk is high, medium, or low, insurance is available as long as your community participates in the NFIP program. You can find out if you are eligible through their website at www.floodsmart.gov.
- **Low-cost policies are available for low to moderate risk.** According to FEMA, a preferred risk policy through the NFIP covering both a non-residential building and its contents costs just \$500 per year.
- **Contents coverage is separate.** Coverage on the building itself is separate from contents inside the building. Therefore, property owners should note that contents coverage is not automatically included and should be requested. This also means that renters can insure their belongings, though their maximum available coverage may be less than what is available for owners.
- **There is a customary 30-day waiting period.** Plan ahead so you have flood insurance before you need it. There is typically a 30-day waiting period before coverage goes into effect.

Keep in mind that federal disaster assistance is only available if the president *declares* a disaster, which may or may not occur when flooding hits your business. However, a flood insurance policy will pay whether or not a disaster is declared. Feel free to give us a call or stop by for more information. We'd be happy to discuss these options with you.



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are converted into office space, air quality problems may remain if ventilation systems are not properly modified. Underground parking garages can also contribute to poor IAQ when exhaust and carbon monoxide enter the building through stairwells and elevator shafts.

Preventative Measures

With the pervasive potential for poor air quality, what can you do to make your workplace environment safe? Here are some steps you can take:

- Keep a record of all reported health complaints.
- Be alert for clusters of similar health problems. Contact your state or local health authorities to discuss the symptoms and possible causes.
- For help in identifying, correcting, and preventing IAQ problems, visit the EPA's website, www.epa.gov. There you can also obtain free, printable copies of *Building Air Quality: A Guide for Building Owners and Facility Managers* and *Building Air Quality Action Plan*.
- For a health hazard evaluation, contact the National Institute for Occupational Safety and Health (NIOSH) at www.cdc.gov/niosh.
- If you hire a professional company to conduct a building investigation, make sure they have experience identifying and solving air quality problems in situations similar to yours.

By meeting IAQ problems head-on, you'll be taking action that will help control potential health hazards. In doing so, you are contributing to a safer and more productive work environment, as well as a happier workforce.

In the aftermath. . . ordinance or law endorsement

Imagine that a sudden fire swept through the building that once housed your business, destroying over half of the property and its contents. After such a massive catastrophe, you learn that local ordinances require you to demolish the remnants of the building. The building inspector also informs you that the building cannot be reconstructed exactly as it existed before the fire because that would violate current building and zoning codes. At this point, you're faced with a gigantic sum needed to get your building back and your business up and running again. Do you know if your insurance will help cover the costs?

Generally, basic commercial property policies exclude coverage for building updates, repairs, or demolitions mandated by public law or ordinance. This can be a very expensive gap in your cov-

erage, even if you are ordered to add a sprinkler system or to make other minor changes to meet current codes. The cost of meeting public access requirements by the Americans with Disabilities Act (ADA) is also generally excluded under basic commercial property contracts.

To fill this vital gap, you may want to consider adding an **ordinance or law endorsement** to your business owners policy. In the event that your building is damaged by an insured peril, an ordinance or law endorsement can provide coverage for the following:

- The increased cost of construction necessary to comply with current building codes.
- The cost of demolishing the undamaged portion of the building.
- The cost of rebuilding the undamaged portion that was demolished.

Your building may have met all existing laws and ordinances when it was constructed, but codes change over time. As a building owner, an ordinance or law endorsement could prove to be a valuable addition to your insurance protection. Even if you rent your building, you may have a need for such an endorsement. Please stop by or call if you have any questions, or if you would like further information on ordinance or law endorsements.

