

# COMMERCIAL COVERAGE



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## THE DANGERS OF CUTTING INSURANCE COVERAGE

Faced with shrinking revenues, many business owners have been forced to re-evaluate their expenditures numerous times over the past year, each time looking for yet another way to cut costs. Along with slicing payroll and curtailing business travel, executives have cut back on liability insurance coverage, reasoning that they no longer need as much insurance now that their top lines are smaller.



Paring liability insurance limits should not be done without thoroughly examining the company's long-term exposures. Businesses should apply the same principles when evaluating insurance coverage that they use when balancing revenues with the costs of doing business.

Likewise, business owners should consider the long-term effects before reducing their liability coverage. On one level, the rationale for reducing insurance limits when sales are sliding may seem logical. After all, it could be reasoned that with everything else being equal — including product mix, customer base, management style and risk

story continued on reverse



## Preventing Business Identity Theft

Identity theft is one of the fastest growing crimes in America. Not only are consumers affected, but businesses become victims as well. The following are tips to prevent identity theft:

1. Lock up your business files. Keep all physical business records such as customer records in file cabinets that lock.
2. Shredding can be your friend. All business records should be shredded. Criminals will often "dumpster dive" to find information they can use. Only use the recycling bin for non-critical waste.
3. Access to computers should be limited. All computers on your network should be password protected. You don't want anyone to be able to access confidential information.
4. Look-alike Web sites. Be aware of Web sites that look like yours or have a similar domain name. These sites can actually be set up to deceive potential creditors.
5. Install anti-phishing software on your computer.

### *Dangers of slashing insurance (continued from front)*

management — a smaller company generally does not need as much insurance as a larger company. However, such reasoning fails to take into account a company's potential exposure for the volume of products sold in previous years when sales were booming. Even if revenues are down, a company's liability exposure might be no less than it was when the revenues were high because the products sold in previous years remain in use. Thus, the liability exposure the company had when it sold those products has not been diminished and may require at least the same level of insurance coverage.

### REVIEW YOUR DISASTER INSURANCE PLAN

No one can predict the nature or scope of a disaster, be it a product of man or nature. What is certain, however, is that a disaster plan and adequate insurance are keys to recovery for businesses — large or small.

Make sure you have a sufficient coverage to pay for the indirect costs of the disaster — the disruption to your business — as well as the cost of repair or rebuilding. Most policies do cover flood damage and you may need to buy separate insurance for this peril. Be sure you understand your policy deductibles and limits.

For a business, the costs of a disaster can extend beyond the physical damage to the premises, equipment, furniture and other business property. There's the potential loss of income while the premises are unusable. Your disaster recovery should include a detailed review of your insurance policies to ensure there are no gaps in coverage. This includes property insurance, business interruption insurance and extra expense insurance. Even if your basic policy covers expenses and loss of net business income, it may or may not cover income interruptions due to damage that occurs away from your premises, such as to your key customer or supplier, or to your utility company. You can generally buy this additional coverage and add it to your existing policy.

Most business owners are complacent about natural disasters until it happens to them. It's only when the owner has gone through a disaster that a disaster plan, including purchasing the proper insurance, is usually considered.

### VANISHING WORKPLACE SECURITY

Going to work may never be the same again: the Great Recession has reshaped the American workplace and work force in ways that will last years, if not longer, Associated Press reported. The work force is graying as college graduates can't find jobs, young workers get laid off and older workers delay retirement. People in white-collar jobs are feeling increasingly vulnerable to economic downturns, an insecurity that blue-collar workers have known for years. Perhaps the most enduring change is the permanent loss of millions of jobs across the manufacturing, service and retail sectors.



#### ^ What This Symbol Means to You

There is a difference in where you buy your insurance. Many don't realize there are three sources for insurance:

##### 1 CAPTIVE AGENTS

who can sell you the insurance of only one company.

##### 2 TELEPHONE & INTERNET REPRESENTATIVES

who can offer you the insurance of one company only on the telephone or via computer.

##### 3 INDEPENDENT INSURANCE AGENTS

like us — who represent many insurance companies. We research these firms to find you the best combination of price, coverage and service for all your insurance needs.