

Commercial Connections

Deductibles Affect Premiums

Raising a deductible is an excellent way of controlling the cost of insurance, and most policies offer choices in deductible levels. To help you select an adequate deductible, do the following:

Review loss history.

- Ask your insurance company or agent for information on prior claims. Review loss history to help you understand what your out-of-pocket expenses have been as well as to forecast what they likely will be.

Ask for options.

- Often, a policy quote is based on a commonly selected deductible (\$1000 for property, \$500 for auto collision, etc.). Your agent can give you quotes with a broad range of deductible options. This side-by-side analysis can highlight differences in policies and premiums when deductibles are considered.

Talk to others.

- Your CPA, bookkeeper, partners, and others with intimate financial knowledge of your business can help you weigh the risks of a higher deductible as well as discuss the incentive of a lower premium.

Remember that raising deductibles is not for every business. Some businesses will find that keeping the lower deductible is a sound financial decision. Consider all factors before making changes.



Source: Rough Notes, May 2008

Market Value and Insurance Coverage

Fluctuations in the commercial real estate market have building owners wondering if they are properly insured. Some owners feel they should buy less insurance if the market value of the building has decreased.

Building owners must remember that fluctuations in market value have little effect on how much insurance is adequate. Here's why: Insurance is intended to reimburse you for expenses you incur to repair or replace damaged property or for the actual cash value of your property at the time of the loss. It is not based on how much you plan on selling the property for. While the insurance value of property does fluctuate based on the cost of materials, such fluctuations are typically small compared to the sweeping changes of the real estate market.

That said, changes do happen. That is why it is important to review your current building limits with your agent at least once per year. Your agent can help you identify factors that will ultimately affect your decision on how much insurance you need to recover from a loss without penalty. Call today.

Source: Florida Insurance School Continuing Education

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Pollution— A Pervasive Risk



You don't have to be involved in environmental work to be at risk of pollution liability. Consider the following:

Contractors

- Drywall becomes infested with mold.
- Defective pipes allow sewage to invade a neighboring property.

Manufacturers

- Gear oil from an assembly line spills from a storage container while awaiting disposal.
- Acidic component in a product used at a customer's home causes property damage.

Retail Operations

- Products containing dyes, paints or other corrosive material are not stored properly.
- HVAC system contaminated with allergens causes customers to suffer respiratory illness.

These limited examples help illustrate the need for all businesses to understand how their commercial general liability (CGL) insurance will or won't apply to injury or damage caused by a pollutant. For more information on what are considered "pollutants" and on coverage under your CGL, call our service team today.

Source: International Risk Management Institute

One Crime, One Limit

Businesses that become the victim of embezzlement often discover the crime several months or years after it began. Thus, embezzled funds accumulate over time, often attracting the attention of employers only when reaching a substantial sum.

Many businesses purchase crime insurance to help shoulder the burden stolen funds add to the balance sheet. These businesses are often unaware that many crime insurance policies will not pay more than the occurrence limit for a single year for embezzlement, even if the crime was committed over multiple years.

For example, Company X purchases a crime policy with a \$50,000 occurrence limit in 2006. It renews the policy in 2007. That same year, it is discovered that a bookkeeper has been embezzling funds since his date of hire in 2007. Over the two years, he embezzled a total of \$118,000. The embezzlement was performed by the same person using the same method over time; thus, it is viewed as a single occurrence by the policy's definition. Company X's crime insurance will cover only \$50,000—the maximum limit available for this occurrence.

It might be possible to insure against these crimes at higher levels. For more information, call our service team today.

Source: Rough Notes, May 2008



The Heat Is (Not) On

If freezing temperatures could cause irreparable harm to your inventory or your business relies on stock or equipment that, if not stored inside at a reasonable temperature, could be rendered useless by that chill in the air, you need to maintain the heat in your building during the winter months. What happens if a lack of power supply to your building prevents the heat from turning on?

Standard commercial property policies do not cover loss to inventory or other personal property that is damaged

or destroyed due to the failure of an off-premises utility service. That means if wintry conditions knock out power in your area and the resulting chill damages your stock, you will likely pay the cost to replace that stock out-of-pocket.

If your business is susceptible to such damage, call our service team today. Depending on your policy, it may be possible to amend your insurance to cover loss caused by off-premises power failure. We can help you find your options.

Source: Insurance Services Office