

Risk Manager

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Filling the Gaps with Endorsements

Companies may find it challenging when searching for affordable insurance policies to meet all of their business needs. Businesses concerned with stretching coverage over a wide range of potential risks may broaden those policies by obtaining **endorsements**. Endorsements address **exclusions** and **limitations** under a basic insurance program. There may be many choices available for filling gaps in coverage.

Let's review a few options that may help provide some additional protection for your company:

- **Accounts Receivable Endorsement.** Suppose a company's accounts receivable records are destroyed by fire or other calamity. An accounts receivable endorsement covers a business for any amounts that are uncollectable as a result of the loss, as well as for the costs of collecting the accounts and recreating the records.
- **Peak Season Limit of Insurance.** During a company's most productive season(s), higher levels of inventory may need to be maintained to cover increased sales. However, if a catastrophe were to occur, the losses sustained could exceed the amount of insurance carried. A peak season limit of insurance endorsement offers a
- **Contingent Business Income Insurance.** If a company depends on other businesses, such as manufacturers, suppliers or distributors, its revenue stream could be seriously affected if those businesses were to suddenly shut down in the event of a fire, storm, or other natural disaster. Contingent business income insurance covers a business for losses that occur under such circumstances.



For Your Information



Energy Efficiency Resources

The ENERGY STAR program sponsored by the Environmental Protection Agency (EPA) offers a number of resources for business owners concerned about energy use and consumption including how to put your computers to sleep, how to choose energy-efficient IT equipment, and how to benchmark your data center's energy efficiency, among others. For instructions on these and more tips on saving energy for your business, visit us at www.energystar.gov.

Protecting Businesses from Arsonists

According to the U.S. Fire Administration, you can reduce the risk of your building being targeted by arsonists by installing a combination of burglar and fire alarms, by using motion-activated lighting for the exterior and entrances of the building, checking your fire protection system, and controlling which people can enter your premises. For other helpful information on preventing arson, go to www.usfa.fema.gov.

USDOT for Interstate Transportation

Businesses involved in the interstate transportation of passengers or cargo must be registered with the U.S. Department of Transportation's Federal Motor Carrier Safety Administration (FMCSA) and must have a USDOT Number. To obtain a DOT Number, you can complete the USDOT Number forms online at www.dot.gov.

Advancing Multilingual Safety

Constant changes and advancements in today's technology have transformed our society into more of a global community. This trend may affect our daily lives, both at home and in the workplace.

In an expanding international business community, many companies have a diverse workforce, including employees who speak multiple languages. With all the possible obstacles that a multilingual workforce may pose, safety should be a primary consideration.

As a business owner, you want your employees to be safe. When you have employees who don't speak English as their first language, how do you teach them proper safety procedures? Many options are available to help ensure that employees are aware of proper procedures and remain safe.

Sign of the Times. Multilingual signage, particularly denoting hazardous conditions, may be a viable option.

If half of your workforce speaks Spanish and the other half speaks English, posting signs in *both* languages may be a viable solution. When posting signs, you may want to include pictures and/or graphics to make the hazards more identifiable. For example, near dangerous materials, you could post a sign with words *and* an appropriate warning picture that corresponds to the hazard.

Training with Translators. When training your employees in appropriate safety procedures, consider hiring a translator. While some employees may speak both English and another language, relying on them as translators may not be the best option for your employees or business practices. Although English-speaking employees may have adequate language skills to help non-English speakers through day-to-day activities, they may lack the training to ensure that instructions are properly understood.

Multilingual Manuals. In addition to a safety-training program, it's wise to put your procedures *in writing*. Multilingual safety manuals reinforce safety awareness, outline important procedures, and benefit employer/employee relations. Companies that make an effort to cross language barriers may promote employee satisfaction and possibly reduce turnover.

Steps for Success

Creating a healthy, safe, and inclusive environment is a challenge shared by many business owners. However, meeting the needs of your employees, especially the vital concern of language differences, can contribute to your team's success. These suggestions can help make your business a comfortable—and safe—environment for all employees.



Did You Know?

Protect the MVP from a Disability Disaster

You may be your business's most valuable player (MVP), and proper measures should be taken to protect both your income and the livelihood of your business in the event you suffer a disability. To qualify for Social Security disability benefits, you must be severely disabled, and even then, you will have to wait at least six months for payments to begin. Social Security disability was not intended to be an individual's sole source of disability income; thus benefits are often less than what you might need to cover your regular living expenses.

Disability income insurance offers protection against an accident or health crisis that limits your ability to earn income. Depending on your income, the maximum coverage you can buy may replace 45% to 75% of your pre-disability earnings. The policy's cost generally depends on such factors as the risk level of your occupation, your age, health, and the scope of coverage. Consider the following policy features:

- **Definition of Disability.** Carefully review the definition of disability in your policy. Some policies cover you if you are unable to work in the occupation in which you were employed or for which you were trained, or if you can no longer earn as much as you once did in that field. In contrast, other policies cover you only if you are unable to work in *any* occupation. This distinction can make a big difference if you become disabled.
- **Residual Benefits or Partial Disability Coverage.** Under certain specified circumstances, if you become disabled but are able to earn a *portion* of your previous income, residual benefits or partial disability coverage pays a portion of your benefits.
- **Guaranteed Renewable.** With this feature, the insurer cannot refuse to renew your policy or change any

terms, except for premium cost, as long as you continue to pay your premiums on time.

- **Guaranteed Insurability.** This provision allows you to increase your monthly benefit, even if you experience health changes that would otherwise prevent you from obtaining additional disability coverage.
- **Cost-of-Living Adjustment (COLA).** This feature helps protect your benefits against the effects of inflation during a long-term disability.

Also, consider a **business overhead expense (BOE) policy** that can help cover lost profits and continuing fixed costs, such as salaries and ongoing business expenses, in the event you suffer a disability. In general, benefits are paid monthly after a predetermined waiting period, limited to a maximum amount, and restricted to a specified length of time (often from one to two years). A thorough disability plan that includes both disability income *and* business overhead expense insurance can help protect your livelihood and ensure your business stays up and running.



CFOs Confident in Economy

Recent research from Financial Executives International (FEI) found that entering 2014, U.S. CFOs have improved optimism regarding the U.S. economy and their businesses. The economy saw the biggest improvement, indicated by the quarterly optimism index, which increased 10%, jumping to 62.0 from 56.2 in Q3. The optimism toward their own businesses increased from 67.7 from 65.1. Revenue growth topped CFOs' challenges at 38%, followed by competition at 19%.

Data-First Demand Growing

A data-centric approach to application development plays a critical role in a business's ability to design inventive solutions, according to Forrester Consulting on behalf of MicroPact, Inc. To enable the "high-value, semi-structured, knowledge work" IT decision-makers should consider "information-led approaches that put adaptive solutions first." Almost 50% of decision-makers say a "data-first" approach that presents information at the right time is required to provide valuable and more personalized interfaces.

Leadership Development Lacking

According to the Deloitte Global Human Capital Trends 2014 report, organizations are not prepared to respond to the challenges of the "highly connected and global 21st-century" workforce. The report showed that the biggest deficit for the millennial generation was leadership development (86%), followed by retention and engagement (79%).



Filling the Gaps with Endorsements

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- higher amount of coverage during a company's period(s) of high demand.
- **Spoilage Coverage.** Businesses that handle perishables must often maintain controlled conditions to prevent spoilage. A spoilage coverage endorsement protects a business against losses caused by power and equipment failure or general contamination resulting from incidents that are beyond the company's control.
 - **Ordinance or Law Coverage.** If a covered peril—such as a fire or tornado—damages a business's property to the extent that the law requires its demolition or complete renovation, ordinance or law coverage insures for the loss, providing coverage to rebuild or repair a building in compliance with the most recent local building codes. Individuals who own large stakes in real estate may be particularly interested in this endorsement because of strict building codes and other safety requirements.
 - **Hired and Non-Owned Auto Liability.** Hired auto coverage protects against claims arising out of the use of vehicles leased (on a short-term basis), hired, rented, or borrowed by your business. Non-owned auto coverage protects employers whose employees use personal vehicles for business purposes, such as driving to a sales meeting or the office supply store, and could be held legally responsible for an employee who is involved in an accident. A hired and non-owned auto liability endorsement helps protect businesses against this risk.

- **Coverage for Injury to Leased Workers.** Contract or temporary (leased) workers are a major segment of today's workforce for many businesses. A coverage for injury to leased workers endorsement on a workers compensation policy protects these workers for injuries sustained while on the job.

Tying Loose Ends Together

Gaps in a company's business insurance coverage can create significant risks to its operations and employees. Obtaining additional endorsements helps provide an added measure of protection in the event of an unforeseen catastrophe.

To help ensure that you and your business are properly covered, please give us a call. One of our qualified professionals would be happy to assist you.

Sprinklers to the Rescue

A fire can engulf a business in a flash. Searing heat and blinding smoke can make it difficult or impossible to reach doors, windows, or stairways that might otherwise allow for a hasty exit. Sometimes, people do not respond quickly enough to smoke detector alarms, or they may even disregard the warnings as false alarms. Be aware that smoke detectors only alert people of a fire, but do not put the fire out.

Fire sprinklers are designed to control and extinguish fires quickly so that people inside a building may exit safely. Sometimes, if the fire is easily dowsed, there may be little cause for alarm. While smoke detectors provide the initial warning signals, sprinklers can intercept a fire in its early stages.

Technology at Work

Commercial fire sprinkler systems, such as those used in offices, manufacturing facilities, warehouses, malls, and hotels, utilize heavy-duty sprinkler heads capable of spraying water over large areas. Quick-response sprinkler systems can put out a fire long before it spreads. Because they release only a fraction of the water normally used by firefighters to extinguish a blaze, these systems may minimize water damage.

Adequately installed and maintained automatic sprinkler systems represent a sound loss reduction technique and can result in reduced fire insurance costs. Feel free to contact us to find out more about managing fire risks and

discounts that may apply should you install safety equipment, such as sprinklers. Protective measures that you can implement *now* may pay off in more ways than one.

