

# Commercial Connections

## Equipment Breakdown Often Not Covered

If you are a manufacturer, could you afford to go days without the use of one of your assembly machines? Can a retailer successfully keep customers in the store without a working A/C or heating system? Could a restaurant stay in business without access to cooking or refrigeration equipment?



If the loss of use of certain equipment could jeopardize your business, shouldn't you carry insurance coverage to pay the cost to have it quickly repaired or replaced?

The problem is that many business owners wrongly believe they are already covered if their equipment breaks down. The truth is that most property insurance policies cover equipment that is damaged by a covered loss, such as fire, smoke or windstorm, but not equipment that loses its function due to mechanical failure, power surge, burnout, operator error, or another loss not specifically covered by property insurance.

Equipment breakdown coverage might be available as part of a business owners policy, or it can be purchased separately. For more information, call our service team today.

## Cover Employment Liability Defense Costs

The average award in employment practices cases is \$200,000, according to the Equal Employment Opportunity Commission. Even firms acquitted by courts of any wrongdoing often acquire legal fees in excess of \$100,000 in single-plaintiff claims.

The EEOC predicts the number of claims alleging wrongful termination, sexual harassment or other forms of discrimination will skyrocket with rising unemployment. Still, only 1.2% of small commercial businesses have employment practices liability insurance (EPLI), according to Connecticut-based MarketScout. Only 30.7% of middle-market firms have the coverage.

Of the 6.7 million small commercial businesses in the U.S., only 80,000 are covered for employment practices liability, and only 73,800 of the 240,000 middle-market firms have coverage.

With unemployment likely to reach or even eclipse 10% in 2010, an EPLI policy may be what saves your firm if it becomes the subject of an employment-related lawsuit. For more information, call our service team today.

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## Prepare for Audit

Employers unprepared for a workers compensation audit are poorly positioned to dispute additional charges or catch expensive mistakes. Following are a few tips that will help employers prepare the necessary financial information for that next audit encounter.

- Payroll records. Auditors want to see everything. Unemployment reports, description of overtime payments, and ledgers are all fair game. Consider asking your workers compensation carrier exactly what they will need so you can have it updated and ready for the auditor's visit.
- Employee records. Prepare detailed descriptions of job duties, employee hire and termination dates, and information of class codes designated to specific job functions.
- Certificates of insurance. Make sure they are current for all contractors and entities performing work with you
- Information on cash disbursements. Prepare information concerning payment to subcontractors, cost of materials and casual labor.
- Wrap-up projects. The auditor will require information to be sure the payroll associated with owner-controlled insurance program projects is calculated correctly.

## Space Heater Safety

Maybe it's because your heat is not working properly, or maybe you have that one employee who insists it's cold no matter how high the thermostat goes this winter. Maybe your employees spend most of the day in a warehouse with poor heating. Regardless, businesses that offer or allow the use of space heaters in the workplace should proceed with caution.

The U.S. Consumer Product Safety Commission reports that space heaters are associated with more than 300 deaths annually and millions in property damage. This winter, consider sharing the following tips with your staff to ensure the safety of people and property:

- Buy a space heater that has been certified by a nationally recognized testing laboratory.
- Keep all furniture and combustible items at least three feet away from any heating device.
- Never refill a fuel-burning space heater while it's on or inside the building.
- Space heaters should not be left on while employees leave the room.
- When not in use, space heaters should be unplugged.
- Do not connect a space heater to an outlet with an extension cord, and never overload the circuit.
- Never use a space heater with a damaged or frayed cord, and never cover the cord with carpeting or furniture.
- Be sure your space heater is in good working condition and that the heating element is protected by a metal guard.
- Keep young children away from space heaters.
- Avoid using electric space heaters in a bathroom, and never touch an electric heater when you are wet.
- Make sure that your smoke and carbon monoxide detectors are working before using a space heater.
- Check the cord on an electric space heater to determine if it is very warm or hot. If so, unplug it immediately and try another outlet. If it continues to be hot, contact an electrician.



## Learn State Data-Breach Requirements

Recently, the largest known data breach in history occurred: the theft of over 130 million credit card numbers in the U.S. This incident sends a profound message to business owners not yet convinced of the seriousness of personal data security.

Many insurance companies have developed products to help businesses deal with the expense involved in the notification and remedial process of data theft. Our service team works with insurance companies that provide coverage designed to cover the logistical costs stemming from the breach, as well as other services to assist business owners with notification and security.

Statutes concerning data breaches vary by state, so your firm should take a close look at what's required where you operate. Beazley Group, an international insurance organization based in London, created a valuable resource for concerned business owners hoping to learn about data breach statutes in individual states. Their "data breach map" can be found at [www.beazley.com/databreachmap](http://www.beazley.com/databreachmap). Refer to this to find definitions, notification requirements and other key legal provisions.