

Your BUSINESS

Winter 2011 • New Jersey



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Be prepared for a catastrophe

As the recent hurricanes and flooding throughout the Northeast demonstrated, catastrophes can occur with little or no warning and can take a major toll on local businesses. In the wrong conditions, businesses may be destroyed or forced to close due to damage to their property and/or surrounding area, hitting the firm with huge financial losses. In addition, some businesses may not have the right kind of insurance or enough to cover their losses, which will make it difficult for them to recover quickly.

Insurance plays a major role in the recovery of a business after a disaster. There are several things to consider when putting a recovery plan into effect. Remember that you will likely recover from a disaster more quickly when you plan in advance by purchasing the right insurance and when you develop and maintain a strong recovery plan.

Call our office before you're faced with a possible catastrophe. We can help you determine what type of coverage will best suit your business needs.

Disaster fraud is a real threat

When a disaster strikes your business, vulnerabilities seem to surround you. Unfortunately, some contractors or insurance adjusters will try to take advantage of your weakened state. By following certain guidelines, however, you can safeguard yourself and your business.

First, seek out established, local contractors and adjusters with good references. Always get multiple bids, and remember, the lowest bid is not necessarily the best. Also during your search, make sure your applicants are licensed. Be wary of people from outside the area, or those who offer their services door-to-door.

In terms of payment, there also are some common-sense steps you should take to protect yourself: Never pay in cash—a paper trail will protect you. Additionally, paying the entire sum up-front is not advised. A contractor or adjuster might

vanish or shirk his or her duties after receiving payment. Instead, pay a fraction of the bill up-front, with the rest to be paid upon successful completion of the job.

Here's another simple step to protect yourself: Get it in writing. Negotiate a legitimate, written contract and have all parties sign it. Be sure the contract doesn't contain any blanks that could be filled in later to change the terms. If your contractor or adjuster tries to say that fees have increased, or more money is needed up front, do not give in; the contract is on your side.

Being the victim of a natural disaster is a trying ordeal. Don't compound your troubles by letting your guard down during recovery. As always, if you have questions or concerns, don't hesitate to contact your professional, independent insurance agent for help.



Business Owners Package coverage

Like any other commercial venture, small businesses need insurance—property coverage, liability protection and more. But, have you considered a Business Owner's Package? Instead of purchasing separate property and liability policies, small businesses can combine them into one policy for a potential bargain. A Business Owners Policy, or BOP, can be a good way to get basic coverage, particularly for new businesses.

BOPs offer property insurance and general liability coverage, with many of the same options (named perils/all-risk, etc.) as individual policies. BOPs will include business-interruption insurance as well, to cover lost income and extra expenses resulting from damage to your business property. In addition, coverage could include the breakdown of equipment and crime coverages, such as employee dishonesty, forgery and loss of money and securities.

Mind the gaps

BOPs are a great way to get a broad base of coverage quickly and easily, but they're not necessarily everything you need. For example, they do not include professional liability insurance for claims of errors, omissions or negligence in your business. You'll also need separate policies for other types of coverage, such as automobile insurance and workers' compensation.

Give us a call to discuss whether a BOP is right for your business and to plan for risks specific to your particular business.

Do you hire bad drivers?

Every time you request a quote on your fleet insurance, the insurance company will request the name, date of birth, and drivers license number for each of your drivers. Why?

This information forms the insurance carrier's picture of your overall fleet operation. If you have bad drivers, then your fleet will not be considered a good insurance risk. And, this can mean higher premiums.

The expense of bad drivers may present itself in many ways. Your accident rate might be higher than average; your operating costs might be higher than average; and you might suffer higher-than-average vehicle downtime. This is costly for both the insurance company and for you.

The definition of a bad driver varies, depending on the standpoint of the employer or of the insurance company. The employer's idea of a bad driver may

be one who does not deliver loads on a timely basis, does not take care of the vehicle, or has no respect for authority. It views a bad driver differently. The insurance company is concerned with who has accidents and why. Its definition of a bad driver is one who has a history of speeding tickets and/or accidents, who is inexperienced, or who drives aggressively.

The following ideas may help to avoid the risk of hiring a bad driver:

1. Always run a motor vehicle report on job applicants.
2. Require applicants to complete a written application asking about accidents and tickets.
3. Take a test drive with the applicant.

If you hire your drivers carefully, you may save money on your insurance premiums.





Is your business in danger?

The U.S. Senate, the International Monetary Fund, Lockheed Martin Corp., Citigroup Inc., Google Inc., and Sony Corp: These are a few of the many entities that have been victims of hacking or data breaches.

You don't have to be big to get hacked. Hackers now target small businesses because their computers and phones tend to be used for both business and personal matters, and because small businesses do not have the IT staff to constantly monitor and protect their operations. But since these are not publicly traded companies, you do not tend to hear of the breaches.

Rest assured, they do happen and are happening now. It is becoming more and more necessary for small businesses to invest in cyber-liability coverage for a

variety of reasons; not the least of which is the degree of sensitive information that they collect and hold. Smaller companies tend to operate on tighter margins. When a data breach occurs, one of the requirements for you, the business owner,

“... necessary for small businesses to invest in cyber-liability coverage for a variety of reasons...”

is to monitor clients' credit for possible fraud. Recent studies have determined that the average annual notification and monitoring charge for each client whose

information has been breached is approximately \$225 per year.

If your business was breached and data from 10,000 customers or clients was “stolen,” you could be on the hook for \$2.25 million in fines. Do you have reserves to absorb that? Let's not forget the loss of trust of your clients, many of whom would probably move their business away.

Cyber-liability coverage is becoming more and more accessible—and, more importantly, affordable. It's not time to sit on the sidelines and assume it will never happen to your business. Being reactive always costs more in the end than being proactive.

Call us for information on a cyber-liability policy for your business.



Dram shops beware

Dram shops—bars, taverns and the like, where alcoholic beverages are sold—should take notice of a recent New Jersey Supreme Court ruling. In a 5-2 verdict, the justices found that convicted drunk drivers have the right to sue the establishments that served them.

The ruling was made in the case of a 2006 motorcycle crash when a man with a blood-alcohol level of .196 percent (the legal limit is .08 percent) plead guilty to driving while intoxicated. He then went on to sue the restaurant that served him.

This ruling finds that the man does, in fact, have grounds to sue under New Jersey's Dram Shop Act. If either a drunk driver or his/her victim believes that the business negligently continued serving alcohol to the

soon-to-be driver, when he/she was clearly intoxicated, either the driver or victim may sue.

The decision clarifies an apparent conflict with the state's special law for drunk driving accidents, which seems to remove the courts as an avenue for the recovery of economic or non-economic losses for drivers convicted of/pleading guilty to DWI. With this ruling, the New Jersey Supreme Court has said that this law concerns insurance claims, not establishments that serve drinks.

Of course, while drivers may sue negligent businesses, victims may, in turn, sue drunk drivers.

Owners of bars, taverns and restaurants that serve alcohol should take this ruling as a warning.

News from our agency

Do you know why an independent insurance agent is better?

You don't? Here's why. We are always available to offer you personal, one-on-one help with all of your insurance needs. Whether you need fleet insurance or business interruption insurance, you'll have the added benefit of working with people who understand your business and its needs. We will assist you every step of the way.

Who knows you best?

We do! We take the time to get to know our customers. Your insurance coverage has been crafted with your complete financial picture, your claims history, and your business circumstances in mind. Don't put all you've worked hard to build at risk. Make sure you protect your business with the proper insurance coverage.

Your satisfaction is our number one priority. As your professional insurance agent, we're looking out for you. Our staff is here to help. You can contact us at (856) 935-0845 or by visiting our website at www.hdyoung.com. You also can find us on Facebook.

