

# Your BUSINESS

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## What you should know about certificates of insurance

When your business operations become connected with operations of another business or public authority, there typically is a requirement for your business to have adequate insurance. It might be your landlord making the request, a client for whom you are performing work or a state agency that regulates your work. The standard means of providing evidence of insurance to another person or entity is the issuance of a certificate of insurance.

A COI is a document that summarizes basic policy information for the benefit of a certificate holder, but it is not a contract, or part of a contract. It is a document that shows what type of insurance was in place at the time it was issued. It gives no assurance to the certificate holder that coverage will be maintained. This is why it is commonly referred to as a point-in-time or a snapshot-in-time document. It was created to serve as an outline of coverages in lieu of producing a copy of the entire policy for review.

A COI only can reflect the terms of the policy it represents. Any attempt to amend, extend or alter the contract terms by means of a COI would make the COI subject to filing as a policy form with the insurance department,

which then must be endorsed onto the policy. The COI clearly states:

*"This certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not affirmatively or negatively amend, extend or alter the coverage afforded by the policies below. This certificate of insurance does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder."*

A certificate holder has only the rights afforded by the actual policy. If the policy has been amended to add the certificate holder as an insured, for example, those rights could be reflected on the COI. If the policy has been amended to give the certificate holder an advance notice of cancellation, then that too could be reflected on the COI.

As you can see, the issuer of a COI is not permitted to make any representation that cannot be backed up by a policy provision. Many times, the policy can be endorsed with the changes requested. However, there are times when the insurance company cannot, or will not, comply with the requested changes. This means that some negotiation with the certificate holder will be necessary. The sooner this can take

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place the better; preferably, before an agreement with the certificate holder has been made.

Our agency will make every effort to accommodate the requests that arise from your business relationships, but please understand that we are limited by the policy terms, decisions of the insurance company and compliance with the laws and regulations of the state.

## How to lower your business insurance premiums

In the current economy, companies are searching for every possible way to cut overhead. Too many overlook a few simple steps they can take to reduce the costs of their insurance premiums and give their bottom line a boost.

The easiest thing you can do is check the accuracy of insurance policies regularly. Businesses are changing constantly—employees come and go, equipment is changed, vehicle use can fluctuate, the location can move. Any change could bring savings. Even if the number of employees remains the same, different personnel bring different premiums. The same is true of vehicles' model and year. If you don't review your policies now and then, you could end up paying to cover something your company hasn't owned in years.

If your day-to-day operations are altered due to things like outsourcing, new markets or divisions closing, your policy might be covering things that are no longer relevant.

Many insurers will provide discounts to those who have attended classes on work place safety, defensive driving or emergency preparedness.

Encouraging healthy habits in employees can earn a break on premiums as well.

While insurance is a necessity in the business world, that doesn't mean you have to bite the bullet when costs get high. Staying protected while reducing your premiums is possible with the proper methods and advice.

## Avoiding slips, trips and falls for employees and customers

Not every business operates under dangerous circumstances. While managing risk is a familiar task to construction firms and sky-diving companies, mishaps can occur in all business. One of the most common and potentially costly risks that companies face is employees and clients slipping and falling. Lawsuits, legal costs, medical bills, workers' compensation and insurance premiums can hit the bottom line hard.

Numerous common-sense safety precautions can be taken to reduce this risk. Floors and stairs can become slippery if they get wet, particularly in the winter and spring when clients and employees traipse indoors covered in snow and rain. Special attention should be paid to the areas where moisture accumulates. A business can arrange to have the spots cleaned more often, and install floor mats and grip tape to provide better footing. Floor mats, however, should not be so bulky as to cause a tripping hazard. Electing to have carpeted floors is another step you can take.

Kitchens and bathrooms in the work place are others areas where food, drink or water can fall to the floor and become

hazardous. Assigning employees and/or maintenance people specific tasks to monitor and clean problem areas can help cut down risk as well, too.

The property outside the work place should be attended to as well. Stairs and ramps should have railings and grip tape. In the winter, parking lots, sidewalks, stairs and ramps should also be cleared of snow regularly and salted to prevent ice from developing.

Other hazards are not fixed so easily. Surveying the work space inside and out for more permanent problem areas will alert you to any existing pitfalls. Once identified, workers should be made aware of the issue, and trained on how to avoid it or negotiate it safely. As for clients who may encounter a risky area, warning signs can be posted, or employees can be instructed to escort them safely.

One will never be able to reduce the risk of an accident to zero, but by taking these measures, a business can lower the odds drastically and protect itself in the event a mishap does occur.





## Holiday party liability

Holiday parties can be fun and a great way to build staff spirit, but when alcohol is involved, liability issues multiply quickly.

**Drunken driving.** Should an employer, acting as social host, serve alcoholic beverages to a visibly intoxicated individual, it may be responsible for damage or injury the intoxicated party causes. The key phrase here is “serve alcoholic beverages to a visibly intoxicated individual.” Once this is established, there are few defenses.

**Sexual harassment.** By similar reasoning, an employer may be liable for the actions of an employee who has consumed too much alcohol and becomes violent or sexually harasses a coworker.

**Underage drinking.** Finally, employers may be held liable for any employees or guest younger than 21 who consume alcohol at the party.

Here are suggestions from the Insurance Information Institute to help limit your

company’s liability for a staff party at which alcohol is present:

- Encourage guests to pick a designated driver who will refrain from drinking alcoholic beverages so that he or she can drive other guests home.

**“... when alcohol is involved, liability issues multiply quickly.”**

- Consider hiring a professional bartender. Most bartenders are trained to recognize signs of intoxication and will limit consumption by partygoers.
- Be a responsible host. Limit your own alcohol intake so that you will be able to judge a person’s sobriety better.
- Offer non-alcoholic beverages and always serve food. It is proven that

food can help counter the effects of alcohol.

- Do not pressure guests to drink or rush to refill their glasses when empty. And, never serve guests who are visibly intoxicated.
- Stop serving liquor toward the end of the evening and switch to coffee, tea and soft drinks.
- If guests drink too much or seem too tired to drive home, call a cab or arrange a ride with a sober guest.
- Encourage all your guests to wear seatbelts as they drive home. Studies show that seatbelts save lives.

Whatever steps you might take, give us a call to review your liability insurance coverage and any exclusions, conditions or limitations it might have. We’ll make sure you have the coverage you need to keep the coming holidays festive.



## Employment practices— focus on employee reviews



Whether a business has one or 100 employees, it has certain obligations regarding proper employment practices. As well as making sure that it is not running afoul of laws guiding the hiring and firing of employees, it should take steps to optimize management of current employees.

One area employers of all sizes can focus on is employee reviews. Effective, accurate employee reviews benefit an organization in many ways, particularly by communicating the business's expectations, giving feedback to an employee regarding his or her performance and providing a foundation and justification for any positive or negative employment actions taken.

However, to be most effective, employment reviews should adhere to some simple standards. First, a business should establish a written framework to determine the frequency and scope of a review. Set a consistent schedule and defined scope so the review process is even and fairly applied. Next, the scope of the reviews should be limited to measurable criteria, applied to all comparably situated employees, and they

should be reasonably related to measuring job performance. The review should avoid vague or subjective interpretations of an employee's contributions. It may be tempting to limit the report to a generalized, or "big picture" perception of an employee's performance, but this can open the door to accusations of differential treatment between similar employees.

Finally, it is important that the review be accurate, with regard to both positive and negative performance. It often is easy for a manager to report on or document an employee's acceptable or superior performance, and such performance should be recognized. However, it's often difficult or unpleasant for an employer to report that a worker has not met the standards. By failing to record performance that deviates from the business's standards, and inaccurately characterizing the employee's work as acceptable or better, the employer may put him or herself in a difficult situation in the event that he or she needs to take a negative employment action based on the worker's performance. Failing to document the unacceptable performance leading to such an employment action can open the door to charges of bias.

## News from our agency

### Independent agents are flexible

As an independent insurance agent, we are not locked into selling you insurance from a single company. We are able to provide you with competitive insurance rates because we are able to shop around for the best rates for you. We have the flexibility to create customized insurance packages specific to your business. As your business grows, we will review your policies to be sure you have the right amount of coverage.

Because we have access to more than one company, not only can we shop around, we can usually provide your business with all the different lines of insurance you may need.

If you have any questions on your insurance coverages, or if we can help you with your insurance needs, please call us. Our staff is here to help. You can contact us at (856) 935-0845 or by visiting our Web site at [www.hdyoung.com](http://www.hdyoung.com). You also can find us on Facebook. Stop by our office or give us a call. We are here to help.

