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Your Business

What an employer needs to know about the N.J. “step down” uninsured and underinsured motorists coverage provision

Your business auto policy includes something called *uninsured* and *underinsured* motorists coverage. This coverage protects insured persons for injuries caused by motorists who do not have sufficient liability coverage to compensate for all damages the insured persons may have incurred. This could happen when a motorist leaves the scene of the accident without identification. This protects you when the motorist does not have insurance or when the motorist does not have enough insurance.

There was a time when every insured person had access to the full limit stated on the policy purchased by his or her employer. But, due to a string of Supreme Court decisions, this no longer is true. Insurance companies are permitted to “step down” (reduce) the employer’s policy limit for certain insured persons.

For a business auto policy, those who are likely to be affected are business principals and employees. Although these individuals are covered while occupying business vehicles, the full policy limit may not be available to them. If the insured person has his own auto policy, the limit chosen for his policy will serve as the maximum limit payable, regardless of the limit stated on the business auto policy. If the insured person does not have his or her own auto policy, but lives in a household where a family member does have a policy, the family member’s limit will serve as the maximum limit payable.

Since most employers already provide workers’ compensation benefits and other fringe benefits for their employees, they may not be motivated to neutralize the “step down” provision and ensure payment of the full limit on the business auto policy. In fact, some employers may even question the practice of purchasing a higher-than-minimum uninsured/underinsured motorists limit (\$35,000) in the first place, since payments made under this coverage ultimately may affect the premiums paid by the employer.

In order to neutralize the “step down” provision, it will be necessary to elevate the status of an employee to become a named insured on the business auto policy. Most insurance companies do not even have an approved form to do this, even if they were inclined to offer it. So, the chances of giving your employees access to the full limit of the business auto policy is improbable at this time.

Of course, if the insured employee is a principal of the business, there may be greater motivation to obtain the best possible protection. In this case, you should contact our agency for assistance. There may be some options available to principals that are not generally available to other employees.

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Cover your bases before heading off for vacation

Repeat the following sentence: I am a business owner and I am allowed to take a vacation.

As a business owner it may be tough to take a vacation, but everyone (especially you) is entitled to downtime. And, there are things you can do to make your time away from the office less stressful on your employees, your clients and yourself.

If you are unsure about how your business will function when you are away, take a test run. Schedule a few days away from the office, but stay close. If things run smoothly while you're out you can plan to go away for a longer period of time at a more distant location.

Before you leave for your vacation, give your business contacts a few weeks' notice—that way everyone around you can plan for your departure. Also, make sure the person you leave in charge knows of all the office procedures and knows what needs to be done in your absence. Plan everything you need to get done before you leave to avoid any last minute projects. Take care of accounts payable and receivable before you leave.

And, don't forget about insurance. Before you leave, make sure all your business insurance policies are accurate and up-to-date. These policies protect your building and its contents; they offer business interruption insurance and liability protection, which are vital coverages for any business.

You also may want to consider key-person insurance, which protects a business from the untimely death or disability of a key member of the management team. Rather than an insurance policy that provides coverages to an individual, the beneficiary of this type of policy is the business. Coverages and policies vary depending on the type and size of the business.

These insurance coverages can offer you peace of mind while you are away from your business. However, there are many different nuances involved in each insurance policy. To ensure that you have the right coverage to protect your business, give us a call and we'll make sure you have the coverage you need.



Did Corporate America learn anything?

Were any lessons learned from the devastation left in the aftermath of Hurricanes Katrina, Rita and Wilma? A recent poll says no. Fewer than half of the companies surveyed that had their businesses interrupted by a disaster have updated their business-continuation plans in the past six months. Almost two-thirds of companies that experienced a disaster lost business and nearly one-third of companies have not implemented basic security technology for their computer systems, such as firewalls or intrusion detection of password authentication.

Call our agency today. We will help you get the updated coverage you need ... before a disaster hits.

Business income insurance

When you and all your employees are sitting in the dark because lightning has knocked out every sub-station in a five-mile radius, your first concern is safety. But, once the emergency is over, you will find yourself wondering how you lost so much time and money. Well, time is money, and business income insurance can help ease your burden during and after your work to get up and running again.

You do have business income insurance, don't you?

Business income insurance is a key component for any sound risk management/business continuity strategy. If your business were to suffer an extended power outage, a flood, a fire, earthquake, etc., business income insurance would compensate you for all income lost during what the insurance industry calls the period of restoration—the estimated time, as defined in your policy, that repairs, reconstruction or replacement will take. An automatic 30-day extended business income benefit applies to losses that continue after repairs have been completed. Since it may take considerable time to restore your income, you may want to consider purchasing an optional extension of time, up to a typical maximum



of 720 days. The idea is to put your business in the same position it would have been had a loss never occurred.

Survivors of recent disasters can tell you one of the worst pains of those events was watching thousands of dollars of income slip away while they raced to rebuild. Advice they offer now: Make sure you're covered by your business income insurance.

But, as with all insurance coverage, it's far too easy for even the savviest policyholders to underinsure their business or fail to update coverage after major purchases, expansions, hirings, etc. Work closely with us, your independent agent, to ensure your business is using this unique risk management tool properly and to the fullest. Stop in or call us today.

Claims for damaged property

Pull out your property insurance policy today and look at the section entitled "Insured's duty after loss." Don't wait until after a loss occurs to read what you need to do. Here is a brief list of the types of things you need to address after a big loss occurs.

1. Preserve the property. Protect it from further damage.
2. Establish security. Unfortunately, catastrophes sometimes bring out the worst in people and certain individuals may attempt to take advantage of the situation.
3. Call us as soon as possible.
4. Separate the damaged business and personal property or inventory from the undamaged property.
5. Take an inventory of damaged and undamaged property.
6. Keep and maintain good records. Find receipts, canceled checks and prior inventories. Take photos of the damage.
7. Prepare a proof of loss within the time limit required by the policy. We can help at this phase.
8. Check all your policies to see which may apply and in what way.
9. Provide us with any information your policies ask for, even if the request duplicates a prior one.
10. Consider professional help in determining the value of what was lost.

Covering property in transit

Shipping property requires a little thought and some attention to insurance implications. Your regular property insurance program covers property in transit, but it probably is quite limited. One standard insurance form limits coverage to \$5,000 and covers only property on vehicles you own, lease or operate. Some insurers enhance this coverage, generally offering only a relatively small limit such as \$25,000. Also, the coverage usually is “named perils,” and is not as broad as that which can be obtained in an inland marine coverage form. If the values of goods you transport by vehicle exceed your limit, you may want to upgrade your protection.

If you frequently contract with others for your shipping, you probably have an annual transit insurance policy. If your company is starting to ship more frequently and you do not have such a policy, it is worthwhile to consult with us to make sure this coverage is for you.

If you only contract to ship valuable property occasionally, you may want to inquire about a “trip transit” policy to cover the specific shipment. If you ship via water, you may need a type of insurance known as “ocean marine.” There are many possible options. We can help you choose the best one for your specific circumstance.



Call us...

If you are just launching your business, make sure you have adequate insurance coverage before you open your doors. If you have an existing business and have not reviewed your insurance needs in a while, call us to schedule an appointment.

