

Your BUSINESS

Spring 2010 • New Jersey



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New Jersey Legislative Session Underway Again

The 214th New Jersey Legislature kicked off its biennial session in January. Like many states across the country, New Jersey is focusing on fiscal issues and maintaining the state's finances. However, a significant amount of insurance-related legislation has been introduced and may begin to make its way through the legislative process. Indeed, a variety of bills dealing with commercial lines are already being considered by the relevant committees.

Assembly bill 1467 clarifies the type of insurance coverage that an auto body repair facility must maintain to obtain a full-service license. The bill requires insurance coverage that includes, but is not limited to, garage liability insurance, in a minimum amount of \$300,000, and garage keepers' liability insurance in an amount of \$50,000. This bill revises the current law that only requires garage keepers' insurance in an amount of \$300,000, and brings the coverage requirements more in line with what would be needed by an auto body repair facility. This bill is intended to ensure that the specific commercial consumers listed in the bill do not go without needed and necessary coverage, and risk exposure to suffering uncovered losses.

Assembly bill 483, if signed into law, would include New Jersey in the Interstate Insurance Product Regulation Compact. The bill provides that the compacting states shall establish a joint public agency known as the "Interstate Insurance Product Regulation Commission," which develops uniform standards for product lines; receives and provides prompt review of products and gives approval to product filings satisfying uniform standards developed by the commission. This bill would speed the adoption and time-to-market for various insurance products, and allow for greater uniformity and ease of doing business. This bill will ensure that innovative new coverages can be introduced and made available to consumers in a manner more responsive to evolving market conditions, making it easier for a commercial insured to procure the best-fitting policy for his or her individual risks.

These bills represent a brief cross-section of the insurance-related business being considered by the legislature. It is impossible, at this juncture, to predict which of these bills might progress all the way through the legislative process and become law.

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Protect your business with flood insurance

Just a few inches of water from a flood can cause tens of thousands of dollars in damage. Did you know business owners insurance policies do not offer protection against far-too-common flood losses? Floods are the most common natural disaster in the U.S. With all the snow we receive in the Northeast, the arrival of spring could bring some serious flooding in our area. Over the past 10 years, the average flood claim has amounted to more than \$35,000. Flood insurance is the best way to protect your business from a potentially devastating financial loss. It will cover physical damage to your property and possessions.

The National Flood Insurance Program, a federal program, offers flood insurance, which can be purchased through most leading insurance companies. Also, many insurance companies offer flood insurance separate from the NFIP. Although flood insurance is not required by lenders if your business is in a moderate-to-low risk flood area, it is still available and strongly recommended.

Typically, flood insurance has a 30-day waiting period before coverage goes into effect. If you are concerned that your business may be at risk for flood damage, give our office a call today, before it's too late! Unfortunately, too many business owners find out too late that their insurance policy does not cover flooding. As your professional insurance agent, we want to remind you that the time to purchase flood insurance is sooner rather than later.

Supporting out-of-office activities

Suppose some of your employees approach you about supporting a company softball team. They have come to you, the business owner, for a little financial assistance in purchasing some bats, uniforms (T-shirts), hats and balls. You don't see a problem with it; maybe you'll get a little advertising out of it, so you go ahead and write the check.

Wait a second: Did you just expose your business to something you shouldn't have? Numerous court cases have looked at this with perspectives ranging from liability to workers' compensation. There are several points to consider:

Is participation mandatory? Are your employees expected to participate? Have you adjusted your workers' schedules so that they can participate in the games? If they are or if you have, then any injuries will be covered by workers' compensation, because playing softball was effectively part of their job.

Stay away from home. The location of the game is important. If the game is played on the employers' property—even if it's a pick-up game during lunch—it's probably going to be covered by workers' compensation.

Does the company stand to gain anything? This aspect tends to stand out above the rest. You can be assured that if it can be proven that your company stood to gain from your team's or an individual's performance, participants, if injured, will be granted workers' compensation.

Basically, if you innocently sponsor your employees who want to bowl, play softball, etc., you are in the clear. To be on the safe side, ask your employees to sign a waiver stating that they are playing on their time and that these activities have nothing to do with their work.





Long-term disability coverage

Every second, a disabling injury occurs. That's 60 injuries per minute, more than 85,000 per day. In fact, according to the Council for Disability Awareness, one-in-five employees will miss work for a year due to some type of disability.

That's why you should consider providing long-term disability protection for your employees. Long-term disability refers to income insurance that provides benefits beyond the termination point of short-term disability benefits. Why go long term? While short-term coverage provides assistance to employees for an average of six months, the average long-term absence can last two and a half years. Without it, your employees may have no source of income during their rehabilitation. Unfortunately, according to the U.S. Bureau of Labor Statistics, just 33 percent of workers have access to long-term disability coverage.

Providing long-term disability protection can help you attract and retain top quality staff, while reducing the stress levels of your workers. Here are some

things to take into account if you are contemplating such plans.

Social Security doesn't cover everything. Social Security only comes into effect if an employee has enough work history, is absent a year or more and if the disability means no job at all can be held. In fact, if your employee can be retrained to do any other job, he or she will be expected to work; no partial claims are allowed. Social Security is intended as a safety net for your employees, but will not guarantee their same standard of living pre-disability.

ERISA may affect any plan you set up. The Employee Retirement Income Security Act of 1974 is a federal law that sets minimum standards for voluntarily established pension and health plans. You will be required to provide specific plan information to participants and to establish an appropriate grievance and appeals process.

Different states have different requirements. Depending on where your

business is located, you may or may not already be required to provide benefits to your employees. In New Jersey and New York state, businesses must offer disability benefits to workers for up to 26 weeks.

Know what's available. In order to make the best decision about what plans to offer your employees, do your research and know what's out there. Variations on disability coverage exist, including amount and types of benefits, the types of medical and other information that might be required and eligibility for participation in the plan. While most plans cover 50 to 70 percent of monthly salary, be sure you know exactly what protection is being provided.

If you are considering offering long-term disability coverage as part of your employee benefits package, contact our agency and we can help you find the best plan to meet your needs.

Oh Canada!

Does your business have occasion to send workers north for work? Did you know that even though your employees working temporarily out of the country typically are covered by the extraterritorial provisions of our state's workers' compensation law, limitations still exist? Take these examples:

1. The state interprets what is meant by "temporary," which will create a threshold where its coverage does not apply;
2. There likely will not be coverage for repatriation expense—(that's the added cost of transporting an ill, injured or deceased employee back to his or her home area); and
3. There likely will not be coverage for endemic disease—a disease that is prevalent in a particular country.

Unfortunately, if you are sending employees to our northern neighbor for temporary work, you also may have to register for coverage with that country. For example in Ontario, Canada, the

Workplace Safety and Insurance Board of Ontario will determine what defines temporary status and whether the time spent there requires registration. Ontario generally considers a worker who works in that province for:

- Five or fewer days in the course of a year does not have a substantial connection with Ontario;
- Six to 10 days in the course of a year may have a substantial connection with Ontario under the right circumstances; and
- 11 or more days in the course of a year usually has a substantial connection with the Ontario.

Factors used in determining a substantial connection with Canada's provinces can be viewed on the Internet. Links to each of the provinces' Workers' Compensation boards or commissions can be found at: www.awcbc.org/en/linkstoworkerscompensationboardscommissions.asp.

News from our Agency

Insurance is a relationship

Insurance should be more than just an annual transaction. If you're going to get the best coverage you can, at a price you can afford, it needs to be a relationship. Professional, independent insurance agents offer personalized, one-on-one service. We evaluate your business' needs and circumstances, and design and implement coverage to meet your specific insurance goals. What's more, unlike one-company agencies, which only represent a single insurance company, an independent agent can shop around on your behalf and find you the best coverage at the best price.

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. You also can find us on Facebook.

