

# Risk Monitor



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## Take Steps to Winterize Your Home Now

When preparing for winter's arrival, most people immediately think of snow tires and protection from wet and icy roads. But what about your home? Although you may take great care in winterizing your car with snow-tires, anti-freeze, wiper fluid, flashlights and blankets, what kind of prevention have you taken regarding your house? If your home is not properly winterized, it can easily become a source of both property and liability claims. Take steps to bring your home up to par before the first snowflake falls.

First, make sure your coverage is adequate to minimize the risk of a wintertime claim:

### Winter Insurance Checklist

- Is your homeowner's coverage sufficient? If your house was recently upgraded, it may not be.
- Is your vacation property coverage adequate? What if someone uses the property in your absence and is injured? Will your coverage pay for damage that may occur while it is unattended all winter?
- Do you own a snowmobile? Many high-end snowmobiles require insurance above and beyond what most homeowners think about.
- Are you planning a winter vacation that requires expensive items such as fine jewelry for a trip to France, or snow skis and equipment for Vail? Be sure your personal property endorsements measure up.
- How about your college student? Is he renting an off-campus town home? If so, you should think about liability insurance for that dwelling, as well as all the winter hazards that apply to the family home.

Next, think about minimizing wintertime hassles, and avoiding needless claims that can be easily avoided.

### Winterizing Checklist for Your Home

- Take time to clean or replace heating filters before turning the systems on. Make sure your units have been professionally serviced. If you don't have smoke alarms, install them now. You may also want to consider carbon monoxide alarms.
- Inspect storm doors and windows. Cracked gaskets or cracked glass? Make the repairs.
- Remove or cover and seal window air conditioning units until spring.
- Examine the sidewalk in front of your house and all walkways and handrails to make certain they are in good repair. Maneuvering through snow and ice is hard enough without having to step gingerly on broken pavement or to remember not to grasp shaky handrails. Also, having everything in good repair may help limit your liability in the event of a mishap.
- Is your snow blower and other snow removal equipment in good working order? Hire neighborhood help to clear your walkways if you are unable to do it yourself. Keeping walkways clear will help ensure that no one is seriously



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## Welcome to the Elliot Whittier Insurance Newsletter!

It is with great satisfaction that we bring this newsletter to you. In this issue and in coming months, we will discuss pertinent risk management topics which may affect your organization. We sincerely hope that you will find this newsletter informative and please do not hesitate to contact us should you have any questions or needs.



## It's Official: Don't Text & Drive in Massachusetts

The Safe Driving Law became effective in Massachusetts on September 30, 2010. The most well-known provision of the law is the Don't Text & Drive component.

Also included in the law are provisions for elder drivers, as well as provisions for the inclusion of awareness campaigns for the new law.

The summary of the new Safe Driving Law was prepared by the MA DOT RMV Division and posted on their website and can be viewed here: <http://www.massdot.state.ma.us/rmv/SafeDrivingLawSummary.aspx>



## Preparing for a Workers' Compensation Audit

Just the mention of a workers' compensation audit engenders fear into the heart of man. If you are scheduled for a workers' compensation audit, there is no need to dread it or be fearful. A small amount of preparation and common sense can save you a lot of aggravation and money.

Devoting a few hours of your attention now can save you a lot of time in the future. You need to give your full attention to the auditor and remain with him/her throughout the entire process. The process may take a couple of hours to complete. So, make sure that the time and date of the scheduled audit is convenient for you. Call to reschedule the audit if it has been scheduled at an inopportune time.

Begin to collect and organize payroll records, overtime payroll records, classification divisions, and insurance certificates as soon as you learn of the audit. This should give you plenty of time to compose a summary of each, which will help you to better communicate important data during the audit process. Information that is well organized will also expedite the process. If you can reconcile your calculations to payroll records, such as W2's and payroll stubs, the auditor might be more comfortable trusting your data.

You will also want to make any needed adjustment to payrolls; for example, subtracting bonus pay from overtime pay. If applicable, you will need to apply the maximum and minimum payrolls to the calculations. This part may take a little research, since the minimum and maximum will vary based on state; career; and even among sole proprietors, partners, and executive officers.

Before the audit, you should apprise yourself on the different employee job classifications and make sure that each employee is correctly classified. This is a key element to ensure that the audit flows smoothly. If there is any question about how to classify an employee, call your broker or agent. The auditor is most likely going to be asking you about the classification and job duties for multiple different employees. So, be prepared and armed with knowledge.

One last important preparation is concerning subcontractors. Payments issued to subcontractors can go against your workers' compensation in the event that the subcontractor did not have a

certificate of workers' compensation. You can get a copy of the certificate, but make sure that it is current and shows coverage during the time the subcontractor worked for you.

Once the audit arrives, you will be glad that you took a little time collecting, organizing, and summarizing your information. You will also find that the auditor is not a nemeses, especially when you provide honest answers and organized paperwork.

At the conclusion of the audit, ask the auditor for the audit worksheet. Ask your broker or agent to review the accuracy of the final audit. You have a legal right to ask for a corrected audit anytime you think there were any errors. If any overpayment was made under the last three preceding audits, you also have a legal right to recover it.

## Important Change to the Liquor Liability Law in Massachusetts

A new law was recently enacted mandating all liquor licensees to provide proof of Liquor Liability coverage when renewing or applying for a liquor license. Minimum limits of \$250,000 per person and \$500,000 per occurrence are required.



# Copy Machines: A Prime Identity Theft Target



It is hard to believe that the copy machine just recently celebrated its 50th birthday. There's no question that these popular technological devices have proven to be worth their weight in gold for countless consumers and businesses. From copying to scanning and even emailing documents, copy machines are a must-have for most modern day companies.

However, there's a secret lurking inside the common copy machine that has identity thieves across the nation salivating. Nearly every copier that was built since 2002 includes a hard drive. This relatively small unit, hidden inside the copy machine, stores an image of every single document scanned or copied by the machine.

## An identity thief's dream

Most copiers store up to 20,000 document images, which often include Social Security numbers, birth certificates, bank records, income tax forms, medical records and other valuable information. In other words, these hard drives contain the type of data that identity thieves are itching to get their hands on.

Perhaps even more frightening is this fact: Anyone can easily buy used copiers from office supply vendors. Oftentimes, a used copier that initially cost thousands of dollars is sold for just \$300

or less. Quite a few vendors sell these used copiers to overseas buyers.

Most sellers do not erase the hard drive before selling a used copier. That means the buyer gains immediate access to all the invaluable information stored on the hard drive for just a few hundred bucks. With a special device, an identity thief can easily scan and download all the document images stored on this hard drive.

However, an identity thief doesn't even have to buy the copier to gain access to the profitable data inside. He could simply hack into the office copier's hard drive to get his hands on the wealth of information stored there.

## Understanding the risks

Unfortunately, most of the general public is completely unaware of the potential risks associated with copy machines. A recent study revealed that 60 percent of Americans do not even realize that copiers store images on a hard drive.

Luckily, there are ways to combat the threat of identity thieves stealing data from copy machines. Some copy machine security companies have the ability to "scrub" or delete all of the info on copy machine hard drives before a business gets rid of the copier.

Additionally, some new copy machine models include a feature allowing users to automatically erase images from the copier's hard drive. This extra feature typically costs about \$500. It could be worth the added expense. After all, this feature could end up saving you thousands of dollars in identity theft damages.

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- injured on your property by winter weather conditions.
  - Check around doors and windows for cracks. If you find small gaps, fill them in with caulk. Consider hiring a contractor if bigger problems surface.
  - Remove leaves, acorns, sticks and other debris from gutters before the first freeze. This will ensure that heavy winter rains and snow melt can flow freely and not damage your roof or walls. You may also wish to install gutter guards to keep all that debris from getting into the gutters next year.
  - Survey your plantings. If snow covered branches would endanger any part of your house or cars, trim them back. Consider the walkway, too, so pedestrians will not risk injury while walking in front of your house during or after a storm.
  - Examine the insulation in attics, crawl spaces, and basements. If too much heat is escaping, it can cause ice and snow to melt too quickly to be properly carried away. If the melt off seeps into the roofing, it can cause significant damage or even collapse. If the insulation in your basement or crawl space is sufficient for your climate, you can avoid the inconvenience and damage of frozen or burst pipes. In unfinished spaces with pipes running through them, such as garages, wrap the pipes with heating tape.
  - During the winter, set interior temperatures to at least 65 degrees. Letting indoor temperatures drop below 65 degrees could risk pipes freezing behind the walls.
  - Learn where shut-off valves are for all plumbing. Include both the valves within each room and the main valve. If your pipes do freeze, the more quickly you turn off the water, the less chance of pipes bursting.
  - And last but not least, take similar precautions with your vacation home. Make sure all pipes are drained and the toilet empty so expanding ice cannot crack the porcelain.
- Where winterizing your home is concerned, the effort to prevent problems before they occur is well worth the expense!

# Save Premiums by Raising Policy Deductibles

As money gets increasingly tight, consumers are trying to save wherever possible. Insurance policies are one place that people typically look to cut costs. But, are there ways you can save when it comes to insurance without jeopardizing your coverage?

Many insureds believe so. One method of cutting back on your premium costs is to reduce the dwelling or liability limits on your homeowner's policy. Similarly, you could also request a reduction in the liability limits on your auto insurance policy.

However, not only do these methods fail to save you money in the long run, they also make you increasingly vulnerable to risk. Consider how much you could lose if a judge decided against you in a liability suit, or someone was hurt in your home.

A wiser course of action is to increase your policy deductibles. On a homeowner's policy, raising your deductible from \$250 to a \$500 could realize a premium savings of 10 to 15 percent. You could also consider raising the deductibles on the physical damage section of your auto insurance to save money on the premium. Having a \$500 deductible on both comprehensive and collision can save you as much as 30 percent. A \$1,000 deductible may result in even more savings.

Many insureds argue that if they do need to file a claim, they won't have \$500 to cover the newly increased deductible. While

\$500 may sound like a large amount of money to get together, it is actually only \$250 more than you would have needed if you still had the original \$250 deductible. Keep in mind that with the savings benefit you will get from a higher deductible, you should be able to save that extra \$250 in less than 2 years.

For those larger savings, consider a graduated approach. If you are not financially able to go from paying a \$250 deductible to paying \$1,000 deductible, raise your deductible to \$500 now, and put the money you save into a dedicated savings account for the purpose of accumulating money to increase your deductible again. When you have saved enough in the account, increase the deductible to \$1,000.

Raising your deductible will definitely save you money over the long-term. More importantly, it will not put you at an increased financial risk.



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