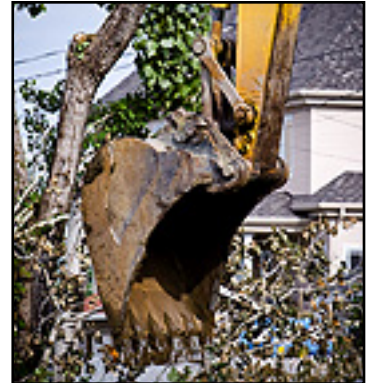


# Commercial Connections

## Inspect the Equipment Your Subs Bring to the Job

**C**ontractors performing any aspect of a job for you represent you to the project owner, general contractor and anyone else with whom you may be working on the jobsite. Often, subcontractors will provide their own equipment to conduct the service for which they are hired. Old, worn or faulty equipment can lead to costly delays and serious accidents that do significant bodily injury or property damage—accidents for which you might share in damages liability if you hired the sub.



How do you verify that the equipment being used by the sub is capable of performing the job without flaw? Do you personally inspect the equipment? Do you conduct a safety walk-through with the contractor so they can show you how the equipment works and allow you the opportunity to look for obvious signs of danger, such as unguarded motors, missing bolts or cracked support systems?

It may be impossible to determine if a piece of equipment with which you are unfamiliar is in a condition worthy of use during the project. But having a consistent inspection method in place for every piece of equipment can help identify obvious issues, as well as let the sub know that poorly maintained equipment is unacceptable.

For more information on the value of this practice and for ideas on how to go about establishing an inspection program, visit [www.osha.gov](http://www.osha.gov) or call our service team today.

### Make Sure Your Business Rental Is Insured

**I**t's unavoidable—at some point one of your company vehicles will break down and need maintenance. Because you can't afford to do business on the garage's time, you may decide to rent a temporary substitute for use while the owned vehicle is being serviced.

This situation poses a common question from business owners: "If I have to rent a vehicle to keep my business going while mine is in the shop, how will my business auto policy apply?"

Under a business auto policy, only the liability portion of the insurance would transfer to the temporary substitute. This means no coverage for damage to the rented vehicle itself—damage for which you claimed responsibility when you signed the rental agreement!

Is it possible to insure this rented vehicle for damage under a business auto policy? Yes. The solution is to amend your policy to include the appropriate coverage symbol—in this case symbol 8 for "Hired Auto Physical Damage." An alternative would be to purchase the loss damage waiver from the rental company. Either method should keep you from violating the terms of the rental agreement and being liable for any damages.

#### In This Issue:

- Defensive Driving
- Dual Risk at Professional Firms

## Defensive Driving



It may seem corny, but when was the last time you took a defensive driving course? How about your employees? Contractors on the road every day may not see the benefit in spending a few hours brushing up on basic driving skills. However, the Insurance Institute for Highway Safety (IIHS) offers the following, startling statistics about injuries occurring on our nation's roadways:

- In the U.S., someone is injured in a car accident every 18 seconds.
- Of those injuries, more than 2 million annually lead to some form of disability.
- In the U.S., someone is killed in a crash every 11 minutes.
- Motor vehicle accidents kill more Americans annually than cancer or heart attack.
- One fourth of work fatalities involve a motor vehicle accident.

These statistics should serve as a reminder that driving safety is a critical component for all businesses. Moreover, those who drive for a living often get complacent and can benefit enormously from a reminder course. In fact, businesses that sponsor defensive driving courses for employees are in an excellent position to reduce the possibility of accidents and potentially save on auto insurance.

For more information on setting up a course for your firm, visit the IIHS website: [www.iihs.org](http://www.iihs.org).

## Dual Risk at Professional Firms

The operations of many firms pose risks that are not covered by traditional general liability insurance. Two common risks are “errors and omissions” and “directors and officers” liability. Either exposure can lead to crippling claims if not managed and insured properly.

Where is your business vulnerable? Errors and omissions (E&O) typically involve a performance failure and/or negligence in the provision of products or services. A common E&O claim occurs when a representative of the company, such as a customer service employee or salesperson, provides faulty advice or representation to a customer that causes the customer to suffer financial detriment. Other common E&O claims arise from mistakes issuing paperwork, miscommunication, and errors in recording customer information. Critical to avoiding such errors and omissions is a standardized method of handling information, communicating with clients and reviewing work. Following established, documented procedures can greatly reduce E&O exposure.

When are your people at risk? Directors and officers of your firm are responsible for the overall well-being of the firm and its finances. Poor performance or failure in the execution of duties by your business's leaders can lead to claims against your firm and your directors or officers personally. Claims can be made by stockholders, employees, clients, and in some cases the government. Some of the more common claims include discrimination, harassment, conflicts of interest, mismanagement of company assets, breach of fiduciary duties, and acts that violate company by-laws. In general, directors and officers need good legal advice and solid communication with your firm's management throughout their decision-making processes.

In addition to following risk management procedures, professional firms can benefit greatly from carrying appropriate insurance. Some E&O insurance will pay for defense costs as well as judgments against your firm, but policies vary. Directors and officers insurance can protect the personal assets of individual directors from claims from a number of different areas, and it varies on levels of coverage and deductibles.

Our agents can assist you in comparing your options. Give us a call to review E&O or D&O coverage for your firm.

