

# NEWS LETTER

## n.p. james insurance agency



September 2008

### Reducing Costs in an "Iffy" Economy

Today we are facing a long-term national fuel crisis, shifting food production and demands, and our November presidential election with changes in Washington. Economic survival, let alone growth, will take concentration and skill.

Now is the time to become a more sophisticated insurance shopper with respect to **assumed** and **transferred** risks. Philosophically, I have always recommended absorbing as much property risk as possible and transferring as much liability as affordable. Thus, the following advice.

**Transfer your risks under contract** to other parties whenever you are able. Your liability rates are based on the liabilities your business is assuming.

Be sure your **Workers Compensation classes** are the most aggressive possible, as well as officers' payrolls limited to \$52,000. Consider officers "opting out" altogether, which is an option in MA now.

**Rethink corporate owned cars.** Commercial auto rates are considerably higher than personal auto policy rates. Consider reimbursement for auto use.

**Minimize Additional Insured** status on your insurance policies whenever possible. Some insurers charge for every A.I. and entity for which you waive subrogation.

**Higher property deductibles:** measure the deductible against the cost savings for your payback time.

Make sure you are receiving **credits for alarms and sprinklers**, being sure sprinklers are operational and tested for maximum credit.

Ask about **additional credits** from insurers for formalized disaster recovery plans and other management risk mitigation initiatives.

If you are considering an office move, be sure to ask your agent about the **building rate for any new space** under consideration (concrete/steel building, sprinklered, other low-hazard occupants, etc.).

**Maintain certificates of insurance** for all of your suppliers, subcontractors, and 1099's. This will reduce your Workers Compensation and General Liability rates.

**Minimizing your dependence on sole suppliers** will reduce your exposures to consequential loss if your supplier suffers damage and shutdown.

### Checklist of Coverage to Include & Exclude

And here are the coverage areas to re-evaluate for needs and relative risk exposure(s). Some of these are basic, and some are rare or arcane.

#### **Property**

#### **Business Income & Extra Expense**

#### **General Liability**

#### **Errors & Omissions/Professional Liability**

#### **Employee Benefit Liability**

#### **Non-Owned & Hired Auto Liability**

#### **Cyberspace Liability Perils**

#### **Data Security or Privacy Liability Losses**

#### **Intellectual Property [Infringement] Liability**

#### **Directors & Officers Liability**

#### **Employment Practices Liability**

#### **Fiduciary Liability**

#### **Flood & Earthquake**

#### **Pollution Liability or Remediation**

#### **Employee Dishonesty**

#### **ERISA Bonding (per federal statute)**

#### **3<sup>rd</sup> Party Employee Dishonesty**

#### **Contractual Liability**

#### **International Coverage**

#### **Cargo Transit**

#### **Workers Compensation**

#### **Umbrella Liability**

#### **Indirect Business Income Losses**

#### **Product Recall Losses**

#### **Executive Assistance**

#### **Statutory Violations**

\*\*\*\*\* ***IN THIS ISSUE*** \*\*\*\*\*

- ***Reducing insurance costs in the current economy***
- ***Know what you are covered for - and what you're not!***

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***Don't be surprised! Ask your insurance agent to give you a list of what coverages your policy includes and excludes. One of the most often excluded coverages is Products Liability for international product sales.***

***Make sure you are managing all your risks appropriately.***

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