

NEWS LETTER

n.p. james insurance agency



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RISK is a 4-Letter Word

With the economy in turmoil, businesses are looking for every means of survival. While assuming additional risk is a common practice during economic downturns, this current global crisis is responding to risk ultra-cautiously. Many view those people who played fast and loose with risk as primarily responsible for our economic woes.

Thus, you need all the more caution with risk for survival and ultimate success.

But how does that work with operational dollars stretched so thin? Let's look at issues involving risk transfer and how it might draw added value toward you and your products.

1. Liabilities assumed with your product should always be transferred! Be sure that you are not only covered for your US sales, but also your global product distribution is insured for product failure causing injury or damage.
2. Beware of the language "*Coverage is global for suits first brought in the United States,*" which will not respond if someone brings suit against you in a foreign court.
3. Shipments *FOB your loading dock* still need to have transit coverage in place for the circumstances where your customer has not placed coverage and refuses to pay you for a damaged or lost (undelivered) shipment.
4. Be careful to understand standard exclusions for *aircraft-related products, hazardous material, and financial injury due to faulty products*. You can secure coverage for such risks at reasonable prices. These are not risks you want to overlook.
5. Use the expertise of your insurance professional, accountant, and attorney to help you minimize risk to maximize value. Each perspective can help you assess and manage exposures to identifiable loss potential.

LLC's versus Personal Trusts for Seasonal Homes

We have been seeing a lot of "personal" LLC's in Maine lately for vacation homes. Some attorneys are recommending LLC's instead of **Personal Trusts** to clients for their seasonal family-owned properties.

An LLC is a "commercial" (business) entity, thus you cannot place personal home insurance the way you can on a Trust entity. Personal Liability Umbrellas do not respond to LLC's either – you need separate commercial umbrellas for the LLC. By choosing to place a seasonal home in an LLC, you will waste money and lose very broad coverage that comes with "personal" insurance (liability is world-wide, on a basic homeowners policy – **never** on commercial forms [coverage needs to be specifically extended]).

LLC's are a very bad idea for seasonal homes.

Remote car door locks – code can be intercepted

Making the web rounds is notice that there is an intercepting device thieves are using to clone car security codes when car doors are locked using the key-chain locking device. Thieves sit a distance away (such as in a shopping mall complex) waiting for the victim to remotely lock their car and walk away. The interceptor can then unlock the car with the stolen code.

Advice is to use the lock button on your car upon exiting, which does not send a security code in the airwaves.

Data Security - just a few more facts

Recent studies show that almost half of all data security breaches result from lost or stolen lap-tops with the average cost per record of almost \$200. With new privacy legislation facing Massachusetts, review of your security and insurance funding for breaches is wise.

Call us for information.

More on cell phones while driving

Recently reported: Legal settlements against businesses for injuries caused by employees while talking on their cell phones resulted in judgments of \$20M, \$16M, and one felony count. *Enough said??*

Opinion:

New Massachusetts privacy legislation 201 CMR 17.00 is bad law!

New legislation regarding data security in combinations of *name, social security number, driver's license number, credit card or financial account number* is being imposed on the Commonwealth's businesses. My professional opinion is that the computer related requirements are both unduly burdensome as well as unenforceable. It appears to be an avenue strictly for the purpose of fining our Commonwealth's commercial enterprises for failures in "best efforts" to keep computerized private information from being compromised or stolen. This, of course, puts more and more of the burden for not being a victim of crimes on the victim and not on the perpetrator.

Conclusion: this is an ill-advised and burdensome piece of legislation.

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