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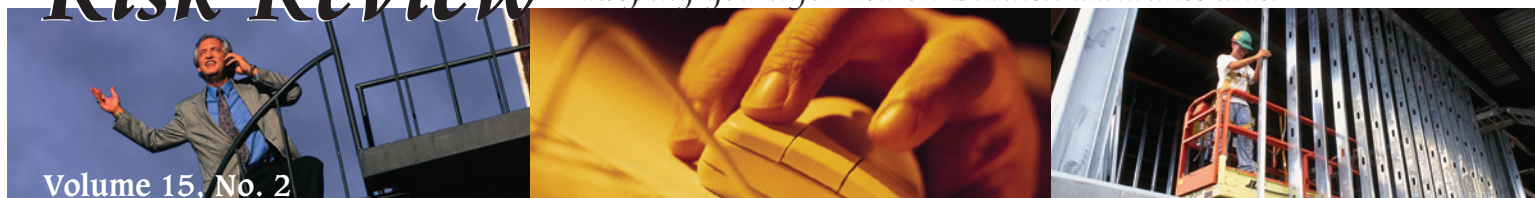
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Risk Review

Keeping you informed on *Business Insurance* issues



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Product Liability and Your Bottom Line

In today's litigious society, businesses risk losing substantial sums in compensatory and punitive damages resulting from product-related accident and injury claims. According to the legal doctrine of **strict liability**, your company could be held responsible even if there is no evidence of corporate negligence.

Product liability insurance can help protect your company against liability for actual or alleged product defects. It covers bodily injury and property damage caused by the product, as well as payment for legal defense costs.

Product liability coverage should not *replace* sound business practices, but rather, it should *complement* them. The best protection is to *prevent* claims in the first place. To accomplish this, consider taking the following precautions:

- Establish and enforce strict manufacturing, warehousing, and distribution standards and quality controls.
- Have an attorney specializing in product liability law review and approve all labeling, contracts, and advertising.
- Investigate accident and injury claims immediately and thoroughly.

Vendors Endorsements

Manufacturers aren't the only ones with cause for concern. Retailers, wholesalers, and distributors may also be held liable for product-related injuries, even if they are caused by manufacturing defects. A **vendors endorsement** extends a manufacturer's product liability insurance to its retailers, wholesalers, and distributors, generally by adding the vendor's name to the manufacturer's general liability policy. If a lawsuit occurs, the vendor can turn to the manufacturer for protection.

However, before agreeing to a vendors endorsement, make sure the per claim and aggregate limits of the manufacturer's policy are high enough to cover potential claims. Also, be aware that a vendors endorsement only provides coverage for the product as it is when it leaves the manufacturer's hands. If you, as a vendor, alter it in any way, such as through relabeling or repackaging, you may not be covered. Vendors coverage should not be considered a substitute for primary product liability protection but should be treated as a supplement to a sound product liability insurance program.

Consult with one of our insurance professionals for more information.

Being Your Own Boss

A home-based business can create much confusion surrounding where work ends and home begins. Designated office space helps minimize the impact your home-based business has on your family; it also may contribute to reduced stress and increased protection of your work. Also, consider a separate business phone line and Internet connection to help separate work from home.

In addition to creating an inviting and exclusive workplace, the following tips for time management and capacity planning may help you adjust to the unregulated nature of a home-based business:

- Create a project schedule that helps you manage your work time.
- Minimize distractions of the home that might reduce your efficiency.
- Log your work on a daily basis to help keep track and create a schedule that works for you.

Risk Management for Global High Fliers

Although business travel has always involved substantial risk, the globalization of business has expanded travel risk beyond the obvious concerns to include medical emergencies, assault, theft, and terrorism. This trend has prompted many companies to take a new look at travel-related loss control and insurance. In addition to providing the usual coverage, many businesses are redesigning their travel risk management programs to include protection training for frequent travelers, emergency assistance programs for employees at distant locations, and special insurance for unique risk situations.

Covering the Bases

A comprehensive travel risk management program may now include any of the following:

Medical Coverage and Income

Replacement. Traveling employees are considered to be *at work* and are therefore entitled to **workers compensation** benefits if an accident should occur. In fact, workers compensation may provide the primary coverage for medical expenses and income replacement, although for full coverage, a workers compensation policy must be properly amended. Travel insurance that covers emergency medical assistance may provide emergency care for

illness or injury, as well as evacuation, if necessary.

Protection Training. This can take the form of seminars that cover a broad range of topics, such as airport conduct, auto travel (including carjacking), and hotel safety, as well as credit card and ATM transactions. Travel risks may be identified, and specific safety tips may be offered on how to handle these situations. As traveling employees become aware of the risks they may face, they can learn how to reduce their chances of being victimized.

Kidnap and Ransom Insurance.

For employees who frequently travel to countries experiencing political upheaval or social instability, kidnap and ransom insurance is becoming a standard part of comprehensive travel accident policies.

Teleconferencing and Internet communications have become popular ways for businesses to communicate across distances; however, a handshake carries a lot of weight in the business world, and face-to-face meetings still have great value. By understanding the risks involved in today's business travel and taking the appropriate measures to manage those risks, you can help protect yourself, your employees, and your investment in your business.

Is a BOP Right for My Business?

A **business owners policy (BOP)** bundles prearranged property and liability coverages in one insurance package. Thus, a BOP provides property coverage for a building and its contents, as well as lost income and liability coverage for physical injury or physical damage caused by an employee. (Health insurance, workers compensation, and business automobile coverage are typically not included in the standard BOP.) Advantages of a packaged arrangement include ease of handling, streamlined rating procedures, and a reduced need for detailed insurance coverage decisions. Additionally, a BOP is typically less expensive than maintaining several policies.

Generally, specific criteria must be met in order to qualify for a BOP. First, your business should be considered one that is subject to ordinary risk, so that

premiums can be priced attractively compared to individual exposure policies. For instance, a small neighborhood bookstore may be more suited to a BOP than a building demolition business (where accidents may be more likely occur). Second, your business should have "ordinary" insurance needs without the potential for unusual liabilities. Again, a demolition company certainly has an unusual liability, which likely would negate otherwise standard coverage.

While every business is unique, many businesses are exposed to similar types of risk. If the risk exposures of *your* business are fairly common, consider exploring the benefits of a BOP. For more information on BOP options, give us a call. One of our qualified insurance professionals will be happy to help you determine if a BOP is right for *your* business.

For Your Information

Manage Mail Online

The United States Postal Service (USPS) offers a number of online options for obtaining and managing postage for your business. Through their website, business owners can download The USPS Shipping Assistant®, a free desktop computer program that allows you to create labels (domestic, international, merchandise return, and custom forms), ship packages, compare rates, calculate estimated delivery times, verify deliveries, and request free pickups. Visit www.usps.com for more information.

Become a Green Power Partner

In order to lessen the impacts of traditional energy sources on our environment, the U.S. Environmental Protection Agency (EPA) has created the Green Power Partnership for commercial, industrial, and public sector organizations. By joining the partnership, your business can show its commitment to purchasing and using renewable energy resources, such as solar, wind, geothermal, biogas, biomass, and low-impact hydro, to generate green power. For more information, visit www.epa.gov/greenpower.

Online Training from the SBA

According to the Small Business Administration (SBA), thousands of small business customers register daily for free online courses through the SBA's Small Business Training Network (SBTA). Operating like a virtual campus, the SBTA offers online courses, workshops, publications, information resources, learning tools, and direct access to electronic counseling. Topic areas include starting a business, business planning, marketing, finance, and government contracting. Visit www.sba.gov for more information.