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Risk Review

Keeping you informed on *Business Insurance* issues



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A Commercial Umbrella for When It Pours!

In today's increasingly litigious society, business owners must be prepared for the possibility of lawsuits against their businesses regardless of size, location, or business type. A lawsuit could involve large legal fees, as well as a possible jury award for medical expenses, pain and suffering, or any number of grievances. In addition, negative publicity and lost time resulting from court-related activities can contribute to the professional consequences of such lawsuits.

As the adage warns, when it rains, it pours. This is why a **commercial umbrella liability policy** is essential for many businesses. A commercial umbrella provides protection in million-dollar increments above the required liability limits of your commercial general, auto, and employers liability (workers compensation) policies.

Umbrella coverage takes effect when the limits of your underlying policies have been exhausted. An umbrella may also cover situations your current business policies otherwise exclude. The typical commercial umbrella policy may offer protection for legal defense expenses, losses occurring outside the U.S., and personal injury or property damage claims. In addition to covering the named insured, a commercial umbrella may also protect your executives, your employees,

your stockholders, and those whom you agree to protect under a written contract, at least to the extent that losses occurred within the scope of business duties.

Bear in mind that while umbrellas provide for losses and liabilities above and beyond the scope of other insurance, certain exclusions may still apply. In most cases, you will be expected to maintain your underlying insurance, without alterations in terms or conditions, during the term of the umbrella policy. You will be required to carry certain amounts of insurance in these underlying policies in order to qualify for an umbrella. However, the cost for your umbrella coverage will likely be lower if your primary policy limits are higher.

Be sure to review your insurance policies regularly because the amount of umbrella coverage you need may change over time. For instance, changes in your underlying policies, such as new **exclusions** or **limitations**, may leave gaps in your umbrella coverage. Also, inflation and increases in legal awards often necessitate additional coverage.

Your primary insurance may not always provide all the protection you need—especially when an expensive court settlement is involved. Contact us for more information on how a commercial umbrella can help protect your business.

Protect Your Business with Appropriate Insurance

The purpose of having a **business insurance** and **risk management program** in place is to provide sufficient protection for your business in the event of a loss.

The cost of implementing a loss prevention program may, at first, seem like an unnecessary expense. However, an appropriate program can help alleviate the damaging effects of loss. It may also help save on associated costs and keep insurance premiums low. Maintaining documentary evidence prior to a loss is important to sustain claimed values if your business should suffer a loss.

When determining the best coverage for your business, consider the following questions: What are your potential losses? What effect could those losses have on your business? How can you reduce your risk exposure? What is the optimal combination of risk management, business insurance, and self-insurance for you and your business?

An Environmental Issue: Something in the Air?

Indoor air quality (IAQ) is a growing concern for many companies. Whether you are a business owner or building owner, you should take potential IAQ problems seriously. According to the Environmental Protection Agency (EPA, 2010), poor ventilation, exposure to air pollutants, and inadequate amounts of fresh, outside air could put your employees or occupants at risk for a number of IAQ-related illnesses, including asthma, Legionnaires' disease, and pneumonia. In addition, employees may experience symptoms, such as fatigue, sneezing, headaches, dizziness, nausea, irritability, or forgetfulness, which are difficult to trace to a specific source. Known as sick building syndrome, these could indicate serious health problems related to poor IAQ.



If not properly managed, air quality problems could prove costly for your business, resulting in lost productivity, increased absenteeism, and decreased employee morale. If a serious problem arises, employees could turn to litigation.

Even New Buildings Can Be at Risk

The World Health Organization (WHO) estimates that up to 30% of new or remodeled commercial buildings have high rates of health and ergonomic complaints from occupants that could be related to IAQ. The factors below are primary causes of unhealthy indoor air in commercial buildings:

Air pollutants. Commonly found sources of office pollutants include building materials, pressed wood products, furnishings, cleaning supplies, water-damaged walls, paints, adhesives, copy machines, photography and print shop chemicals, and pesticides.

Poorly designed, operated, and maintained air conditioning and

ventilation systems. Problems may arise when ventilation systems do not circulate an adequate amount of outdoor air; when outdoor intake vents bring in air contaminated by automobile exhaust, tobacco smoke, and other fumes; and when polluted air is circulated throughout the building. Poorly placed or blocked air vents may also contribute to these problems.

Unintended or poorly-planned uses of buildings. When offices are added to buildings used for specialized purposes, such as restaurants, dry-cleaners, and print shops, air pollutants travel into these parts of the building. Also, when specialized buildings are converted into office space, air quality problems may remain if ventilation systems are not properly modified. Underground parking garages can also contribute to poor IAQ when exhaust and carbon monoxide enter the building through stairwells and elevator shafts.

With the pervasive potential for poor air quality, what can you do to make *your* workplace environment safe? Consider the following precautionary measures:

- Keep detailed records of all reported health problems.
- Be alert for clusters of similar health problems. Contact your state or local health authorities to assess the symptoms and possible causes.
- For help in identifying, correcting, and preventing IAQ problems, visit the EPA's website, www.epa.gov. There you can also obtain free, printable copies of *Building Air Quality: A Guide for Building Owners and Facility Managers* and *Building Air Quality Action Plan*.
- For a health hazard evaluation, contact the National Institute for Occupational Safety and Health (NIOSH) at www.cdc.gov/niosh.
- If you hire a professional company to conduct a building assessment, make sure they have experience identifying and resolving air quality problems in similar situations.

By meeting IAQ problems head-on, you'll be taking action to help control potential health hazards. In doing so, you'll be creating a safer and more productive work environment, as well as a happier, healthier workforce.

For Your Information

Health Reform & Small Business

On March 23, President Obama signed into law the Patient Protection and Affordable Care Act, which, when combined with the Health Care and Education Reconciliation Act signed one week later, brings reform to the nation's health insurance and delivery systems. The U.S. Small Business Administration (SBA) provides information for small business owners on how the reform may benefit businesses, employees, and their families. For more information, visit www.sba.gov.

Hazard Protection

Regardless of location, all businesses are at risk for natural disasters, such as hurricanes, floods, earthquakes, fires, or tornadoes. Often, a local building official, city engineer, or planning and zoning administrator can provide more information about the types of disaster likely to occur in a specific area. In addition, the Federal Emergency Management Agency (FEMA) has created resources to help business owners protect their property from specific disasters. Visit www.fema.gov for more information.

Energy Efficiency Programs

Small businesses may qualify for state, local, or regional programs that offer financial assistance in the form of grants and loans for making energy-efficient upgrades. These programs often offer free or low-cost technical assistance to help small business owners conduct energy audits and implement energy-efficient technology. Grants may also be available to firms developing energy-efficient technology. For a listing of these programs, visit the official business link to the U.S. government, www.business.gov.