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Risk Review

Keeping you informed on *Business Insurance* issues



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Childcare Needs—Not Just a Family Affair

Family responsibilities don't disappear once working parents leave their homes and head for work. Childcare, in particular, is a workplace concern that could affect an employer's bottom line if employees are unable to find reliable care for their children. When employees feel torn between their work duties and their family obligations, productivity declines, and absentee and accident rates increase. The more time working parents spend worrying about daycare, the less time and energy they are likely to focus on their work.

Family-Friendly Options for Business Consideration

On-site daycare facilities are not a feasible solution for all employers. However, there are less expensive alternatives business owners could consider when grappling with the issue of childcare. These alternatives include the following:

Provide employees with information and referrals to childcare resources in the local community. Gathering and updating information, and disseminating it to employees in a timely manner, could be your least expensive option.

Offer flexible and part-time work schedules, especially during the school year. Part-time scheduling can provide access to reliable employees who are unable to work full-time.

Offer assistance with childcare costs. This is more expensive than providing flextime, but it could be an option in a flexible benefit plan where employees choose from a menu of benefits.



Provide a conveniently located daycare facility, perhaps arranged in conjunction with other employers in the area. Start-up costs could be borne by the employer, with employees paying only for services.

Family structure has changed tremendously in recent years. The need for reliable, affordable childcare cannot be ignored. The lost productivity and safety hazards resulting from employees who are unable to focus fully on their jobs could mean substantial costs for an employer. For most businesses, providing family-friendly options in the workplace may mean more efficiency and a better bottom line.

Retaining Quality Employees

Retaining quality employees sometimes requires using fresh, new strategies. One option is offering employees workplace flexibility.

Workplace flexibility gives employees more control over how they do their jobs and, equally important, how they take care of their families. Under such an arrangement, employees determine a schedule that allows them to complete their jobs well and in a timely manner.

Other valuable strategies may emerge when employers take the time to understand what people want out of their careers, identify factors that contribute to employee turnover, review recruitment strategies, evaluate employee training and development activities, and keep financial benefit plans up-to-date.

A productive workforce is a two-way street. Your efforts to promote beneficial relationships can go a long way toward retaining quality employees.

Additional Insured: Not Just a Name

As a business owner, you may enter into relationships with other businesses, government agencies, and individuals. These relationships may expose you to risk, such as liability caused by another party's negligence or faulty/hazardous products. **"Hold harmless" agreements**—provisions where one party assumes liability by indemnifying the other party—are a common way to protect your company against potential liability; however, in many situations, it may be best if you are also covered as an **additional insured** by an insurance policy owned by that party.



For example, suppose you are doing business as Contracting Company X, a *general contractor*, and you enter into a contract with Development Company Y, a high-end building company, to build 15 new homes. You hire Electric Company Z, a *subcontractor*, to provide the necessary wiring and other electrical work for the project. To protect you from any claims that may arise from Electric Company Z's negligence while working for you, you may want to require Electric Company Z to list you as the additional insured on its insurance policy.

Remember that your original contract is with Development Company Y. If negligent wiring by Electric Company Z results in a fire, Development Company Y would most likely turn to *you* for compensation. You may be protected from this claim if you are the additional insured under the policy of Electric Company Z, the **named insured**.

Potential Concerns

As the additional insured under Electric Company Z's insurance policy, you'll want to be aware of the following four potential concerns:

1. Policy Cancellation. Electric Company Z, or its insurance company, can cancel, change, or refuse to renew the

insurance policy at any time without notice to you as the additional insured. To ensure you are properly notified of such events, consider requesting an insurance certificate that provides a notice period—generally 30 days. If such notice will not be granted, request that a new certificate be presented periodically until the project or contract is complete.

2. Inadequate Liability Coverage. Electric Company Z's liability limits may be insufficient to protect your exposure as the additional insured. Consider requesting limits that will help safeguard your interests. In addition, review your own insurance policy to ensure you have adequate liability coverage. Your status as an additional insured on another's policy is an extra level of protection; it should not be considered a substitute for the protection you have arranged with your own insurance provider.

3. Excess Policy. An insurance company may deem your coverage as the additional insured under Electric Company Z's policy to be *in excess of* the coverage under your own insurance policy. Thus, your insurance policy would be considered the primary policy for settling claims, and Electric Company Z's policy would take effect only *after* your own policy limits have been exhausted. To limit your risk, consider requesting an insurance certificate that specifically states Electric Company Z's policy is **primary** with respect to your status as the additional insured.

4. Other Exclusions. Coverage for hazards, such as underground construction, landfill operations, or explosives, may be excluded from Electric Company Z's policy and could therefore negate your coverage as the additional insured. To help protect your interests, consider reviewing Electric Company Z's policy for inclusion of this type of coverage.

Naming you or your business as the additional insured on another party's insurance policy can help protect you from liability due to negligence or faulty products. However, it may not provide you with *all* the coverage you need. So, if you are listed as the additional insured on another party's insurance policy, consult with an insurance professional to evaluate your risks and to familiarize yourself with what the policy will cover in various scenarios. For a review of your needs, contact one of our qualified insurance professionals.

Did You Know?

Older Workers Changing Careers

Many workers in their fifties and sixties are delaying retirement and changing careers, often into less demanding, more flexible jobs, according to an AARP Public Policy Institute study. Laid-off workers were far more likely than those who left their jobs for health reasons to move to a new position; 71% of older workers who lost their jobs due to layoffs or business closings between 1992 and 2006 took new jobs, most of which were in new occupations.

Corporate Use of Social Networking

According to a 2009 survey conducted by growth partnership company Frost & Sullivan, social networking has gained visibility and functionality in the corporate world. About 80% of 1,439 participants use Web 2.0 technologies, which include web-based communities, social-networking sites, video-sharing, blogs, wikis, etc., to connect with friends and family while at work; 54% use these technologies for professional purposes, such as connecting with colleagues, generating leads, and project collaboration.

Skipping Vacation

Concerned about money and job security, many Americans are skipping vacation this year, according to a 2009 survey of 4,435 workers conducted by Careerbuilder.com. Results showed that 35% of workers have not gone on and do not expect to go on vacation this year. When asked why, 71% said they could not afford it, and nearly one in five said they are either afraid of losing their jobs or feel guilty about being away from the office.