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Risk Review

Keeping you informed on *Business Insurance* issues



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Rental Car Insurance for Your Business

The cost of **rental car insurance** continues to increase each year. While you may feel compelled to decline this coverage from a rental car agency, you may want to consider the following information before making your decision.

If you have a **personal** auto policy in place, you may have liability and physical damage coverage that apply to the use of a rental vehicle. However, if you are relying upon a **business** auto policy to cover a rental vehicle, it is necessary to carry **hired vehicle** coverage (denoted by symbol "8" on the policy's declaration page).

Your credit card company may also offer rental car coverage as part of its membership benefits, but you need to know the specific terms of that coverage. Although most standard credit cards do *not* provide any protection, many of the preferred credit cards, such as "platinum" or "gold" cards, provide secondary rental car collision-damage coverage.

Another option for you to consider is to purchase additional insurance offered by the rental company. Insurance purchased through a rental car company provides the following important protections:

Collision Damage Waiver (CDW). Sometimes called a Loss Damage Waiver (LDW), this coverage provides protection if your rental car is damaged or stolen.

Liability Coverage. Rental companies are required by law to offer the minimum level of liability insurance required by your state; however, this may not be enough to cover the damages resulting from a serious accident.



Loss of Use. If you are in an accident, the rental company may charge you for the amount of money and time lost resulting from the vehicle's damages and non-rentable condition. Most auto insurance policies do not cover this portion of a loss, but it may be provided as a part of the CDW or through credit card coverage.

Be sure you have all the facts regarding the coverage options for rental car insurance. Before your next trip, please give us a call so we can help you evaluate all the options to make your decision easier.

How to Retain Good Employees

Retaining quality employees sometimes requires offering employees flexibility with their work schedules.

Workplace flexibility gives employees more control over how they perform their jobs and, equally important, how they care for their families. Under such an arrangement, employees can determine a flexible work schedule that allows them to complete their jobs satisfactorily and in a timely manner. Creativity is called for in striking an acceptable balance between the business's hours of operation and applicable Federal labor laws.

Other valuable strategies to retain staff often emerge when employers also invest in the following activities:

- Identify factors that contribute to employee turnover
- Review recruitment strategies
- Evaluate employee training and development
- Update employee benefit plans

To employ and retain a productive workforce for your business requires flexibility and finding fresh new strategies to keep your quality employees in the workplace.

Protecting Your Company from Natural Disasters

While there is little you can do to prevent a natural disaster from occurring, there are steps you can take to protect your business from ruin in the face of an emergency.

The first step involves knowing and understanding the risks you may face. Consider how your business and its operations are vulnerable to disaster situations and investigate what can be done to minimize exposure to these threats. For example, actions may be taken to mitigate potential damage to your facilities caused by certain natural disasters, such as fires, hurricanes, tornados, blizzards, or floods. Depending on the type of disaster likely to strike in your area, you may want to anchor the building's foundation and roof, add fire-resistant siding, move electrical panels and furnaces to upper levels, install smoke detectors, and clear brush from around the building. If you are uncertain about what improvements might be most effective, ask a building inspector to recommend structural or other types of changes.

Obtain the Necessary Insurance

Even with adequate time to prepare for a disaster, significant damage to your business and the resulting disruption may be unavoidable. Taking this into consideration, insurance may provide an invaluable means of protection from the effects of natural disasters.

In order to evaluate your insurance needs, conduct a thorough inventory of your offices and equipment. Keeping up-to-date, detailed information about your company's buildings, furniture and equipment, including quality of materials, original purchase prices, and serial numbers, enables you to prove the value of your business property should it be destroyed or otherwise damaged. This may allow for fast, fair payment from your insurance provider and supply proper documentation for tax deductions claimed on losses.

In addition to standard property and liability insurance policies, business owners may be able to customize an insurance program according to their needs through endorsements, which are provisions that can be added to an insurance policy, at an additional cost, in order to alter or expand the policy's conditions or terms of coverage. In some cases, separate policies may need to be purchased in order to

secure proper protection. You may want to consider customizing your business insurance program with the following:

- **Business interruption insurance** generally provides you with coverage for loss of profit and continuing expenses after a business has been wholly or partially disabled by a natural or man-made disaster.
- For hospitals or other organizations that must continue to operate after a disaster, **extra expense insurance** covers the extraordinary costs of continuing operations. Covered expenses may include overtime wages, extra travel, substitute or makeshift facilities, and extra costs necessary to expedite repair or replacement of the damaged or destroyed premises.
- Certain natural disasters, such as flooding and earthquakes, are not usually covered under property insurance. To be protected in the event of a flood, you must purchase a separate **flood insurance** policy through your insurance agent in conjunction with the National Flood Insurance Program. Coverage for earthquakes can usually be obtained through a separate endorsement.
- If a covered peril, such as a fire or tornado, damages your building to the extent that the law requires its demolition or complete renovation, an **ordinance or law endorsement** provides coverage to rebuild or repair your facilities in compliance with the most recent local building codes.
- An **accounts receivable endorsement** insures you for any amounts that are uncollectible due to a covered loss, as well as for the costs of collecting the accounts and recreating the records.
- If your business handles perishables, a **spoilage coverage endorsement** protects you against losses caused by power and equipment failure, or general contamination resulting from incidents that are beyond your control.

Disasters often occur without warning, but taking the steps to understand your risks and evaluate your insurance needs can help you prepare your business for the unexpected. It is important to periodically review your insurance program as your business needs change. Give us a call for more information.

For Your Information

Saving on Property Taxes

Business property owners across the country may be eligible to appeal their property tax assessments, if located where property values have fallen. A 2011 report by Crowe Howarth LLP indicates that business property owners may not be taking advantage of property tax reduction opportunities, as 51% reappraise in their area every one to three years; and 49% reappraise less often, with 12% allowing 10 or more years to lapse in between appraisals.

IT Budgets on the Rise

According to a 2011 survey by PricewaterhouseCoopers LLP, 29% of U.S. companies plan to increase their IT budgets to an average of 6.6% over the next 12 months, with a year-to-year increase of nearly 19%. Key company IT investments over the next one to three years include information security (70%), next-generation data management (50%), enterprise mobility via tablets and handheld devices (48%), social media/networking (46%); and cloud computing (40%).

Data Backup

Almost half (48%) of small businesses nationwide with under 50 employees have lost data, up from 42% in 2010, according to a 2011 study by Carbonite. The main causes of small business data loss are hardware/software failure (54%), accidental deletion (54%), viruses (33%), and theft (10%). Of those surveyed, 31% back up data with physical devices, including external hard drives (41%), CDs/DVDs (36%), and USB/flash memory sticks (36%), rather than online, due to cost.