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Leased Staff

Companies that lease staff from employment leasing firms are often concerned with how their insurance coverage will apply to both liability claims caused by the leased worker and injuries to the leased worker.

The commercial general liability (CGL) policy extends liability coverage to the insured organization for claims resulting from the actions of an "employee." Leased and volunteer workers meet the definition of "employee" in the policy, indicating their actions will be covered. However, the policy does not extend coverage for claims arising out of the actions of a "temporary worker." Thus, absent a contractual agreement with the leasing

firm, coverage may not exist for such a category.

The CGL excludes coverage for injuries to "employees"; such injuries should be covered by a workers compensation policy. Your contract with the employee-leasing firm should define which party will cover a leased worker's job-related injuries. An endorsement may be necessary to extend your liability coverage to the leased worker.

If you lease workers or hire temps, review your policies to ensure these workers, too, are adequately covered. For information on endorsements that may close gaps in coverage for such employees, call our service team today. ■



Soaring Office Rents

The Wall Street Journal reports that office rents in some of America's metropolitan areas increased 10% in the second quarter of 2007 alone, with some more desirable properties soaring beyond that mark. And there's no sign of a slowdown. The nationwide office vacancy rate is 12.7%, the lowest since the third quarter of 2001.

Business owners who are contractually locked into an affordable rent might forget that this spike has meaning for them. If your business were to lose its current premises to a catastrophe, you

would likely need to find rental space to continue your operations. A business income with extra expense coverage — a valuable coverage that pays the loss of net income and continuing expenses resulting from damage to property — just might come to your rescue.

Take into account the variability of rent when establishing your policy coverage limits, and review your policy with us to ensure that your limits are adequate to cover today's soaring rental costs. ■

Office Parties and Alcohol



The holiday office party is an age-old ritual. Relaxation, laughs, eggnog and, oh, yes, alcohol.

If your business is planning an office party that will include alcohol, remember to practice some risk management up front and during the party. Include in the invitation a reminder about designated drivers. Offer special non-alcoholic “boat drinks” or other fun refreshments for designated drivers. Post the number for taxi service at the bar, and put out a basket for donations for those who might need help paying for a cab. Limit the number of free drinks by issuing drink tickets. Also, have the bar staffed by someone who will cut off patrons who overimbibe.

Here’s a Web site that has lots of information on preventing drunk driving: www2.potsdam.edu/hansondj/index.html. The site also offers some quizzes and practical ideas that can help your employees enjoy the party more responsibly. ■

When Employees Rent Vehicles

Your business auto policy has limitations that can result in the denial of coverage for an employee following an accident.

One such limitation deals with employees who rent a vehicle in their own name for business purposes. The standard business auto policy grants insured status to employees while operating a vehicle covered by the business for business purposes, but employees who rent vehicles in their own names could find themselves not covered by the business’ auto policy.

Here are two common methods for closing this coverage gap:

Use a Personal Auto Policy

Employees who rent vehicles in their own name can seek coverage for a loss under their personal auto policy, even if the vehicle is rented for business purposes.

Modification or Endorsement to the Business Auto Policy

Businesses may purchase an endorsement to their business auto policy to cover this exposure, but it should be added explicitly. There is no guarantee this coverage is automatically included.

Call us if you would like to find out more about endorsements that expand your business auto policy. ■

Product Recall

Product recalls can be devastating to a business if their effects are not covered by the company’s insurance. Losses include the costs of customer notification, shipping, additional maintenance and refunds of purchases. Additionally, there may be damage to your business’ reputation, or the recall may come during your prime sales period, thereby damaging your entire year’s profits. Even if you are not the producer of the recalled item, you could experience grievous losses, especially if you are a retailer whose mainstay is affected by a product recall.

Companies seeking coverage under their general liability insurance policy should be aware that — without special endorsement — costs associated



with the recall of a product are likely excluded.

Review your general liability policy for more information on its product recall exclusion. If your business’ success relies heavily on a certain item and is vulnerable to the adverse effects of a product recall, consult with us about the possibility of adding a product-recall endorsement. ■

Personal Effects and Theft

There's no predicting what your employees will bring to work. The briefcases of today's employees easily can contain thousands of dollars worth of electronics. It's not hard to imagine a laptop loaded with software and business data, an iPod, an iPhone and a mini-digital camera all in one brief case. Poof! Gone! In a single, sticky-finger moment, this pricey equipment and all its even more valuable data are stolen.

A standard commercial property insurance policy will extend coverage for business personal property to the personal effects and property of others. However, there are two very important limitations:

1. Coverage for the personal effects

and property of others has a separate coverage limit.

Without an endorsement, the standard commercial property policy has a

The briefcases of today's employees easily can contain thousands of dollars worth of electronics.

limit for personal effects and property of others that may be significantly less than the business personal property limit shown on the policy's declarations page. For example, the policy

may include \$100,000 for business personal property coverage but limit the amount payable for personal effects and property of others to \$2,500.

2. Coverage for personal effects and property of others does not apply to theft. That exclusion can hurt.

Many businesses reduce their liability risk for uncovered losses of personal property by posting signs that indicate that the business is not responsible for personal items. Others carry an endorsement on their commercial property insurance that specifically closes the gaps left by a standard policy.

Call our service team for suggestions on how to minimize your business' risk exposure for the loss of personal items on your business' property. ■

Mother Nature's Wintry Mix

Winter is the season for snow, ice and high winds. That winter wonderland can bring with it many problems for business owners.

- Ice and snow on tree limbs and power lines can interrupt power for days.
- High winds can bring tree boughs crashing down onto buildings, autos and other outdoor property.
- Frigid temperatures can drain vehicle batteries and freeze pipes.
- Failed heating systems can mean, "Sorry, we are temporarily closed."

• Snowy parking lots can deter customers.

You can plan ahead to prevent

damage and minimize impact on your business from Mother Nature's mix. Consider retaining a winter contractor who



specializes in clearing snow and ice from nearby trees and parking lots. Have your heating system inspected regularly to make

sure it's in tip-top shape. Look into the utility and legality of a generator to supply backup power.

Power failures caused by a line outage or blown transformer are not covered by a standard property insurance policy and may require an endorsement to your business policy. Lost income due to weather inclemency might also need special wording in your policy under business income coverage.

Put a risk reduction plan into action this winter and check with us about endorsing your business policy to cover the effects of winter weather. ■

**Thank you for
your referrals.**

If you're pleased with us, spread the word! We'll be happy to give the same great service to all of your friends and business associates.

Cargo Coverage

Contracts often determine who is responsible for property in transit, but senders, or those actually transporting the property, are particularly vulnerable. This is because most forms of standard property insurance significantly limit or exclude coverage for property while in transit.

Businesses that transport property should consider separate insurance coverage, commonly called a cargo policy, for goods in transit. A cargo policy may cover risks such as fire, explosion, theft, delay, packing deficiencies, malicious damage and other risks common to property in transit.

Review existing and new contracts to determine insurance responsibility, and review your property insurance for information on coverage for property in transit. If coverage is inadequate or non-existent, consider purchasing a cargo policy to cover the gap. ■
