



A Message from Dennis

In insurance, the best defense is to have Defense Coverage. Often overlooked, Defense Coverage is that part of your policy that defends you against claims or lawsuits, including the cost to investigate.

Employment Practices Liability Insurance (EPLI) has undergone changes over the years as new laws have come into effect. For example, the Americans with Disability Act (ADA) is extremely broad. There are so many different ways that a protected class can file a claim against you, regardless of whether it's true or not. EPLI coverage affords for defense against such claims, and defense is what you need. Even if you're innocent, it could cost you \$100,000.

Case in point: There was a professional liability claim against a real estate company we insured. (This occurred in 1995, so adjust for inflation.) The attorney who handled the case was a specialist. His fee was \$500 per hour (about \$800 per hour today.) The real estate firm never paid a penny on the claim because the case never reached court. However, the legal fees were \$20,000 (inflation factor \$32,600). Thankfully, the defense costs were paid by the insurance company.

Defense coverage. Don't leave home without it.

~ Dennis

Business Interruption Insurance: Does Your Business Need It? By Justin Bellinger



Loss of Business income, also known as Business Interruption Insurance (BII) protects against losses by fire, tornadoes, and such to buildings and equipment. If your business is forced to close, your risk is not limited to temporary loss of income. You also run the risk of losing customers who turn elsewhere for their product or service needs. Or you may have difficulty paying key suppliers during an income interruption causing further long-term loss as those suppliers sever their business relationship with your company.

Business Interruption Insurance protects businesses from these types of losses. BII is often part of packaged commercial insurance policies or is purchased in conjunction with business property insurance. One reason for this is that the perils, or causes of loss, are usually the same for property insurance as for Business Interruption Insurance.

Contingent Business Interruption Insurance is a variation in BII designed for enterprises that depend heavily on outside suppliers. Loss in business income due to the inability of a supplier to provide goods or services can be insured in many circumstances.

How much BII your business needs will depend on several factors: how easily you could continue operations at temporary location; how long it will take you to get back into full operation. You will also need to consider what income is being insured. It could be average daily, weekly or monthly income; income for the most recent accounting period; peak income or some hybrid.

BII usually requires a 72-hour waiting period before kicking in and indemnity will be based on the financial records of your business. So it goes without saying that you will need to keep your

Commercial Insurance Disputes: Why They Occur

Most insurance disputes between a policyholder and an underwriter boil down to a few core reasons. Here are some of the most common causes of disputes as detailed by Matt Dunning for *Business Insurance*.

- **Coverage Limits And Exclusions:** Differing interpretations of contract wording as to the extent of insured perils, per-occurrence and aggregate limits, entities or individuals covered are just a few.
- **Loss Assessments:** Disagreement as to valuations for projected or incurred losses. In property cases, this can include assessments of structural damage, repair and remediation costs, and projected profit losses. In liability cases, it can include legal and investigation costs, fines and penalties, and reputational damage.
- **Duty To Defend:** Disagreements over the insurer's duty to provide legal defense for a policyholder in a lawsuit. Typically, issues arise when a complaint against a policyholder includes covered and noncovered charges.



(Publicdomain.net Photo credit: Christian George)

- **Poor Communication:** Poor or infrequent communication between a policyholder and the insurer can lead to an insufficient understanding of the policyholder's risk profile and/or insurance portfolio. Regular communication at multiple stages of an

insurance contract's lifespan—from the initial purchase to renewals to any claim adjustments—is vital to avoiding disputes.

- **Unreasonable Expectations:** Preconceived, hardline positions as to the scope and valuation of a particular claim and the extent to which the losses are actually covered. These issues can prolong a claim's processing and cause significant, often permanent damage to the business relationship between a policyholder and an underwriter.

At McCurdy Group, we do our best to communicate with and educate our clients on their insurance coverages so that these types of disputes are mitigated.

(Source: <https://www.businessinsurance.com/article/20120429/NEWS06/304299992>)

Some Do's and Don'ts of Business Insurance

DO inform your agent of changes to your business, so that your policy always provides adequate coverage.

DON'T buy a policy that is significantly lower in cost than all of the others. The company could be unstable or you may have received a quote that doesn't include everything that you need.

DO confirm that your independent contractors carry their own workers' compensation and liability insurance for their own employees. If they get injured they may be considered your employee, and if they injure one of your customers, your policy may not cover it.

DON'T hide unusual risks from your agent. The insurer could later claim that you made misrepresentations and you probably won't get the kind of coverage that you need.

Words to Ponder

