

Insurance Buyers' News



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Liability

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Protect Your Company from Auto Liability Claims

Although the number of auto liability claims has fallen in the last few years, the cost of claims is increasing, even though the severity of injuries is decreasing. In 2012, auto liability claim costs for property damage averaged \$3,073; cost of bodily injury claims averaged \$14,653, according to the Insurance Services Office (ISO). Protect your company from these costs by ensuring you have the right insurance protection.

If one of your employees causes property damage or injury or death to another while driving on company business, your company could become liable. In addition to the human cost, involvement in an injury or fatal accident can create adverse publicity, cause lost time and potentially cost thousands of dollars in liability claims.

For many reasons, then, it makes sense to prevent auto liability claims whenever you can and to minimize the company's liability when a claim does occur. Practical action steps include:



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This Just In

British tea company Tetley has insured the taste buds of one of its master blenders for \$1.58 million. Sebastian Michaelis, a master blender, says he "can identify and grade a blend of tea within 15 seconds of tasting it," according to the UPI report.

While you might not have employees with skills that specialized, you might have certain employees whose skills, knowledge or connections are vital to the success of your business. While you can't insure general business skills, you can insure the lives of these people with key employee life insurance. Key employee life insurance, bought by the employer, will pay the employer a benefit if this individual dies an untimely death. You can use the

continued on next page

- 1 Define the jobs that involve driving. If a job requires driving, obtain copies of applicants' motor vehicle records (MVRs) from the state department of motor vehicles before making a job offer. Be sure to obtain applicants' written permission before doing this to avoid violating any privacy regulations. Use the MVRs to screen out any applicants whose records indicate unsafe driving behaviors.
- 2 Request MVRs on a regular basis—at least once a year—for all employees whose jobs involve driving or who are given company cars.
- 3 If an employee needs to drive infrequently on business—for example, on a business trip—you might save time by requesting the employee to provide a copy of his or her own motor vehicle record abstract.
- 4 Develop a company driving policy. Department of Transportation statistics reveal that most accidents involve unsafe driving behavior. Your policy should require seat belt use for the driver and all occupants, prohibit driving while intoxicated (including while under the influence of legally prescribed drugs that can impair reflexes, judgment or vision), and require safe use of cell phones and other mobile devices while driving. Many companies (and some states) allow only hands-free devices or ban the use of mobile devices altogether while the vehicle is moving.
- 5 Your driving policy should also include a list of disciplinary actions the company will take for violations. This could include a point system, where drivers receive points for various moving violations, along with listing offenses that will result in termination of driving privilege or employment, such as DUIs, reckless driving charges or vehicular manslaughter.
- 6 To minimize paperwork, have employees sign a consent form at time of hire, authorizing the company to review their MVRs on an annual or as-needed basis, and that they have read and agree to abide by the company's driving policy.
- 7 Provide written notification to employees who have corporate cars or who rent cars for business purposes that the company's insurance policy will not provide coverage for personal use of a company car or car rented for business purposes, and that the employee should carry personal auto insurance.
- 8 Require employees who use their own cars for business to carry certain minimum liability limits on their personal auto policy. The Insurance Information Institute recommends that individuals buy a minimum of \$100,000 in bodily injury coverage per person and \$300,000 per accident. High net worth individuals will need more; employees should consult their personal insurance advisor.
- 9 Since some accidents involving employees' personal vehicles will exceed the limits of their personal coverage, your company might want to buy additional protection for itself through a difference in conditions (DIC) policy. This nonstandard policy covers

This Just In

proceeds to hire a consultant, conduct a job search or for other expenses related to locating and hiring a replacement.

You can also buy company-owned disability insurance on key employees. For more information on insuring your talent, please contact us.



- exposures not covered by other policies on either an excess or first-dollar basis. If you have large numbers of employees who use personal autos for business, you might also want to discuss arranging a group personal umbrella or excess insurance program for these employees, to supplement their coverage under their personal auto policy.
- 10 Check the limits of your company's business auto policy. Limits that were adequate several years ago might not provide enough protection for today's more litigious environment. For information, please call us. ■

How to Handle a Claim

We hope it never happens, but when you suffer a loss, you'll have to file a claim to receive payment from your insurer. Here's how the process works, and how to handle it to your best advantage.

Step One: Notify Authorities

Your first priority is always to prevent further injury and to protect life and health. If someone is injured, call for an ambulance if needed or perform first aid. If your loss involved theft, robbery or an auto accident, notify the police—your insurer will want a copy of the police report. If a fire occurs, ask your local fire department to inspect it, even if you put it out yourself, to prevent smoldering embers from reigniting later.

Step Two: Document What Happened

Whenever a loss occurs, the insurer will require information to determine what exactly happened and if your insurance covers it. As soon as possible after an accident or loss, make a written report. If you were involved or witnessed the incident, write down what you saw. If you were not present, find out if there were any witnesses and, as soon as possible, interview them. Make sure your report includes pertinent details, such as date, time of day, location, conditions that could have contributed to the accident or loss, involved persons and witnesses and contact information for them. If you don't have time to make a written report immediately, you can use video to document the incident.

Photos also help document what happened. If the incident involved an injury, take photos of the surrounding area, including any condi-

tions (wet floors, loose carpeting, missing safety equipment) that could have contributed to it. In the case of property damage, photos can help establish the value of any damaged property.

Step Three: Prevent Further Damage

If a repairable condition contributed to an accident, such as a broken stair tread or burned out light, fix it as soon as possible to prevent future accidents. Likewise, your business property policy probably contains a provision that requires you to prevent further property damage when a loss occurs—such as boarding up broken windows. However, don't make any permanent repairs until your adjuster says it's okay. He or she might need to see the location in its near-original condition to properly evaluate your claim.

Step Four: Report the Loss to the Insurance Company

The insured has duties under the insurance policy. Most liability policies include a reporting provision, which requires insureds to report a possible loss (property damage or injury to a third party) as soon as practically possible. Even if you think the loss won't be covered, report it to your insurer. You can call your agent or broker during business hours, or if the loss occurs after



regular business hours, contact your insurer on its 24-hour telephone number or website. Have your policy number and your report ready when you call. If you speak with someone other than your insurance agent or broker, note the name of the representative you spoke with, the time you reported the claim and the claim number assigned to the case.

Step Five: Be Prepared to Work with a Variety of People

If you experienced a substantial property loss, the insurer might assign an adjuster to your case. An adjuster might be an employee of the insurer or an independent contractor.

Adjusters plan and schedule the work required to process a claim. They might, for example, handle the claim filed after an automobile accident or after a storm damages insured property. Adjusters will take a look at your coverage: Was your policy in force when the claim occurred? Do any exclusions or limitations apply? What are your policy limits and deductibles?

The adjuster will also investigate your claim by interviewing the claimant and witnesses, consulting police and hospital records and in-

specting property damage to determine the extent of the liability or property damage. Adjusters may consult with other professionals, such as accountants, architects, construction workers, engineers, lawyers, and physicians, who can offer a more expert evaluation of a claim. The information gathered—including photographs and statements, either written, audio, or on video tape—is set down in a report that is then used to evaluate the associated claim.

When the adjuster's report concludes a policyholder's claim is legitimate, the claim is turned over to the claims adjuster, who negotiates with the insured, or injured party in a liability case, to settle the claim. When claims are contested, adjusters will work with attorneys and expert witnesses to defend the insurer's position.

Step Six: Be Satisfied Before Accepting a Claims Check

If your claims adjuster offers a settlement, be satisfied with the amount before signing a full release of all claims. If you're not satisfied with the amount of the settlement, be sure the claim remains open—if you sign a release of all claims, you will not be able to collect additional payments later.

Step Seven: Use Your Agent as a Resource

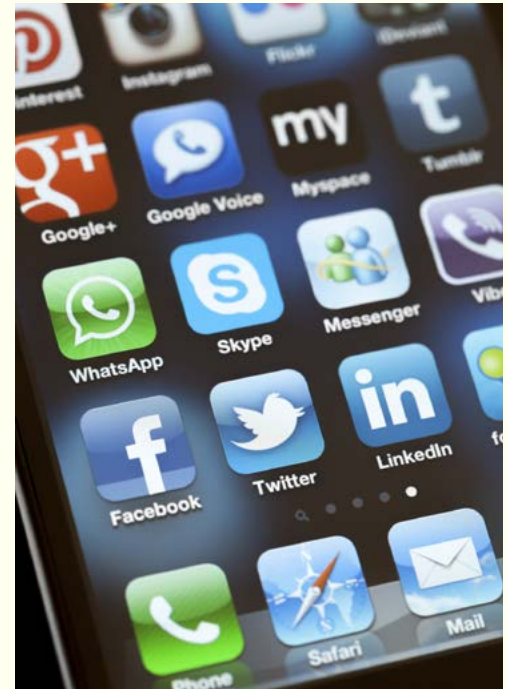
If you have questions or concerns at any point of the claims process, don't hesitate to call your agent or broker. He or she will be able to provide you with claim forms and help guide you through the claims process. For more information, please call us. ■

How to Build Your Social Media Policy

More than 70 percent of businesses surveyed reported having to discipline an employee for "social media misuse." Considering the reach and persistence of social media, employers should ensure employees know the do's and don'ts of social media at work.

What exactly is "social media misuse"? That overly broad term can encompass any type of social media posting that harms the employer or a third party. Misuse can include disclosure of confidential information, discrimination, harassment, misrepresenting the organization's views, making disparaging remarks about the organization, or making disparaging remarks about employees or customers. Consequences can range from mildly embarrassing, as when an employee makes a comment that puts the company in a bad light, to the downright damaging. Disclosure of confidential information or harassing or discriminatory remarks can cause the organization to become liable for corrective action.

A well-crafted social media policy can help protect your organization from these exposures by outlining whether social media posts must be cleared and by whom, what employees can and cannot say, and consequences for violations. It should also spell out your organization's policies toward accessing social media during work hours, whether your organization monitors online activity and what employees can expect in terms of online privacy, if anything. In fact, your "social media policy" might not be one policy, but many, and incorporated into several existing policies and documents.



The following suggestions provide a starting point for crafting your own social media policy. Every company differs, however, and if you have extensive online activities, an IPO in the near future or pending litigation or complaints, you will probably want to have your policies reviewed by an attorney.

- 1 Determine whether employees can access social media from company networks or on work time. In the 2013/14 Social Media in the Workplace survey by Proskauer Rose LLP, a law firm, 36 percent of employers actively block access to social media sites, up from 29 percent the year before.
- 2 Consider restricting “official” business communications to the public through social media to specific individuals with media training. Publicly traded companies will probably want to have an experienced investor relations professional handle social media communications to avoid potential problems. They should also understand what information and data is confidential, such as intellectual property, material non-public information, personnel information and financial records. Employees should also know the basics about copyright/trademark protections, and what they can and cannot post as “fair use.”
- 3 Establish policies that govern whether your employees may discuss or endorse your business in public and rules about how to do so ethically. Employees should identify themselves as employees if discussing the business in a public forum. If they must post a personal opinion on a business matter, they should clearly state that it is a personal opinion and they are not speaking as a representative of the business.
- 4 Create policies outlining appropriate/inappropriate language, harassment and respecting colleagues and competitors in social media posts. (Your company’s email policy should already contain similar requirements.)
- 5 Create policies outlining appropriate and inappropriate communications about your business in public and semi-private forums. If your company is publicly traded, remember that fair disclosure rules apply to social media posts as well. Some social media (such as Twitter) don’t allow room for disclosures. Overly optimistic postings might constitute “forward-looking” communications. And using social media to disclose “material nonpublic information” to individuals who might trade on that information might not constitute “full and fair disclosure” under SEC rules.
- 6 Develop procedures to monitor social media activity. Ideally, you will have trained media professionals on staff or on retainer to monitor and respond to social media mentions of your organization.
- 7 Inform employees of your communications privacy policy. If you reserve the right to monitor employees’ online and social media activity during company time or when using company equipment or networks (as you probably should), notify your employees in writing that they cannot expect their activities to be private.

Guidelines for Company Social Media Use

Share with communicators, managers and employees!

- ✦ The Internet is not anonymous, nor does it forget. Everything posted on the web can be traced back to its author.
- ✦ No clear line between your work life and your personal life exists. Always be honest and respectful in both capacities.
- ✦ Avoid posting or linking to any materials that are defamatory, harassing or indecent.
- ✦ Do not promote personal projects, or endorse other brands, causes or opinions.
- ✦ Respect third-party copyrights.
- ✦ If you must post a personal opinion, clearly state this does not represent the opinions of the business.
- ✦ Do not post confidential or proprietary information related to the business or its clients. Always adhere to your clients’ policies and procedures for confidentiality and social media.
- ✦ Do not pad your own statistics. Do not create anonymous or pseudonymous online profiles to pad link or page view statistics. Do not comment on your own or others’ posts to create a false sense of support.
- ✦ Always track back. When reposting or referencing a post on one of your

business’ online sites, provide a link to the original post or story.

- ✦ Identify yourself. When relevant, identify your affiliation with the business and your area of concentration.
- ✦ Do not pat yourself on the back. Do not post self-laudatory statements regarding your work or that of the business.
- ✦ Do not post statements regarding the quality of your work or of the business.
- ✦ Do not promote successes. Don’t report business results or outcomes or use words like “successfully,” “favorably,” “won” or “prevailed” in describing your business representations.
- ✦ Do not return fire. If you find a negative post or comment about your business or yourself, do not counter with another negative post. Instead, publicly offer to remedy the situation through positive action.
- ✦ Do not offer or appear to offer legal advice, professional expertise or to form client relationships using social media. Formation of these relationships must be done only through your business’ regular procedures to avoid conflicts and other ethical problems.

Source: FDIC’s Office of Minority and Women Inclusion (OM WI). (Edited for space.) ■

- 8 Train executives and managers responsible for policy enforcement to understand the laws that protect employee communications. This includes the National Labor Relations Act (NLRA), which protects workers' rights to discuss wages, working conditions or union organizing with co-workers or a union, and other labor activities.
- 9 Put your policy in writing and include it in your employee handbook. Have employees acknowledge, in writing, their receipt of the policy and their agreement to adhere to it. ■

What Disasters Occur in Your Area?

Region	I	II	III	IV	V	VI	VII	VIII	IX	X
Hurricane	✓	✓	✓	+		+				
Earthquake									✓	✓
Tornado			✓	+	+	+	+	✓		
Flood	✓	+	+	+	+	+	+	✓	+	+
Slide		✓		✓			✓	✓	✓	✓
Wildfire						✓			✓	
Winter Storm		✓	✓	✓	✓	✓		✓	✓	✓

✓= Measurable frequency, + = Significant frequency. *Information from FEMA, Federal Emergency Management Agency.*

Region I – CT, MA, ME, NH, RI, VT; Region II - NJ, NY, PR, USVI; Region III – DC, DE, MD, PA, VA, WV; Region IV – AL, FL, GA, KY, MS, NC, SC, TN; Region V - IL, IN, MI, MN, OH, WI; Region VI - AR, LA, NM, OK, TX; Region VII - IA, KS, MO, NE; Region VIII - CO, MT, ND, SD, UT, WY; Region IX - AZ, CA, HI, NV, GU, AS, CNMI, RMI, FM; Region X - AK, ID, OR, WA.

Note that flooding occurs with either measurable frequency or significant frequency in every region. If you do not have a separate flood insurance policy, you likely have no coverage for flood. Please contact us to discuss your options. ■

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