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# Risk Manager

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## Tips for Filing Insurance Claims

What if your company's building is vandalized or damaged by a storm or fire? After the initial shock, you know that as a policyowner, you need to file an insurance claim. But the time and effort you think it may take could cause you to procrastinate under these circumstances. Before an incident occurs, it is important to understand the terms of your insurance coverage and any obligations you may have to your insurer in the event that a claim must be filed. Refer to your policy's declarations page, and be sure to contact us with any questions concerning your coverage.

To help make the process of filing a claim go smoothly, familiarize yourself with your policy's claim instructions, and any steps you can take after experiencing a loss. Consider the following suggestions:

### *Contact Us Promptly*

Immediate contact with your insurer is your first step in facilitating a speedy claim settlement after a covered loss. Make a report right after an incident occurs so that you can describe what happened while

the details are still fresh in your mind. Always keep your insurance information handy when speaking with your insurer. Any theft, burglary, or auto accident should also be reported to the police immediately.

In the case of **workers compensation** claims, timely notification demonstrates your concern for your employees. Reporting claims immediately may also help you to avoid late penalties and fines enforced in some jurisdictions.

### *Make an Effort to Mitigate Damages*

Many people are unaware of their duty to mitigate, or lessen the severity of, any damages resulting from a covered incident. Doing so may help in the settlement of a claim. For example, if the siding on a building has come off and water is seeping in and damaging the property, the policyowner should attempt to control the seepage to help avoid *further* property damage. Or, if a vehicle's broken windshield is not covered during a storm, the vehicle owner may be unable to claim water damage to the

vehicle's interior if he or she did not attempt to mitigate the damage.

### *Keep Documentation*

Regardless of whether you are filing a claim for a broken lamp or a totaled vehicle, documentation can help build your case. Take photos or videos of any incurred damage at the time of the claim. If an accident or theft occurs, be sure to file a police report and retain a copy. If repairs to equipment are urgently needed, save any damaged parts in case a claims adjuster needs to examine them.

Other important recordkeeping includes receipts and appraisals to help prove the value of your business property, should an item need to be replaced. However, simply having this documentation does not mean that a claimant will automatically be reimbursed for the **replacement cost** of an item. Coverage amounts may vary according to your particular policy, and in some cases, insurance may be based on depreciated value, which is discounted according to an item's age and condition.

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# Did You Know?

## When Disaster Strikes: Business Income Insurance to the Rescue

Recent natural disasters have prompted business owners to evaluate their disaster preparedness, risk management, and insurance programs. If a natural disaster were to force you to temporarily suspend business operations, how would you meet your payroll obligations or cover other fixed costs without a continuing income stream from your business?

**Business income insurance**, also called **business interruption coverage**, is designed to replace the income your business would generate under normal circumstances in the event of a disaster or other covered loss. It can help your company get back on its feet by providing funds to help cover critical expenses and lost profit until the business is up and running again. Without business income coverage, some companies are never able to reopen after disaster strikes.

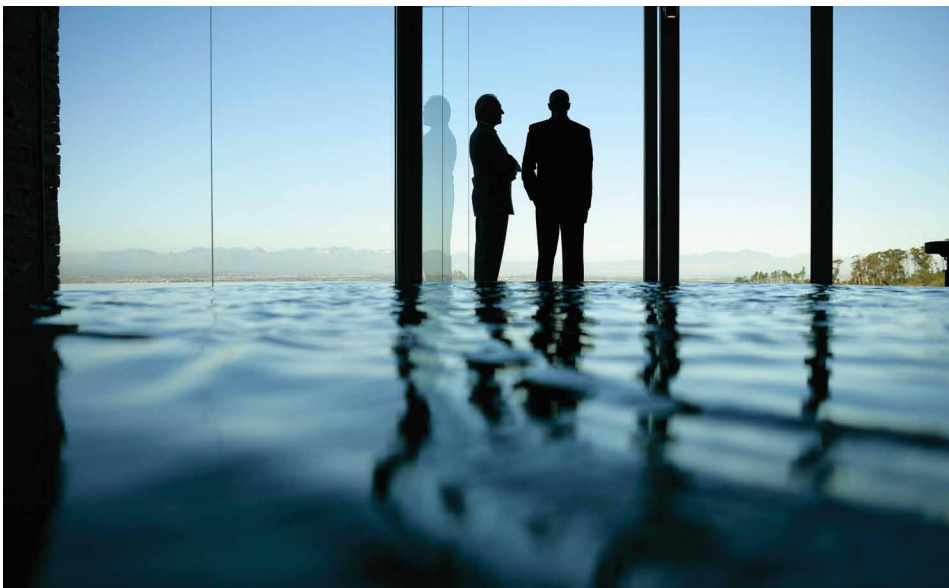
### *Policy Limits*

Most policies restrict coverage to business interruptions that cause *direct* physical damage to, or the loss of, property at the insured site. Special coverage is needed for boiler and machinery breakdowns and off-site power failures.

Besides covering significant fixed costs during a shutdown, you may also require funds to help accelerate your recovery after a loss. For instance, you may need to hire temporary help, rent or purchase new equipment, or rent or move into a substitute facility. These are referred to as “extra expenses.” Does business income insurance cover extra expenses? That depends on the policy. Some policies cover these costs, while others do not. You have the option of purchasing extra expense coverage separately.

To determine the appropriate amount of coverage, estimate the maximum probability of time that operations could be suspended by a covered loss, and assess the level of lost profit and continuing expenses that would accrue during the interruption. If keeping your business operating after a loss is essential, determine the cost beyond normal expenses (air freight cost of equipment, overtime pay for construction workers, cost of moving and temporarily operating elsewhere, etc.) to continue during reconstruction.

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### *New Technology Fights Check Fraud*

With more than 1.2 million fraudulent checks written daily or roughly 13 per second amounting to billions of dollars in losses annually, newer check security technology is in demand by financial institutions nationwide to fight payment fraud. According to a 2011 survey published by JP Morgan, 71% of businesses were victimized by attempted or actual payment fraud in 2010, while 29% cite an increase in fraud from last year.

### *Consumer Reviews on the Rise*

A report in 2011 by RatePoint revealed that 70% of consumers surveyed appreciate being asked to review a business online, and 6% do not. Although 40% are most likely to write a review after a bad experience and 32% after receiving good service, 66% would consider a business that responds to positive online reviews, while 40% would consider a business that responds to negative reviews.

### *Healthcare Privacy Concerns Up*

According to a recent report by PwC's Health Research Institute, privacy and security controls on patient data should be updated to ensure patient privacy protection from increased access of electronic health records. Of 600 U.S. healthcare executives surveyed, 54% cite at least one issue with information privacy and security over the past two years, while 40% report an incident of improper internal use of confidential patient information.

# For Your Information



## Tax-Free Mobile Phone Use

The IRS released new guidance in September for the Small Business Jobs Act of 2010 provision on the tax-free treatment of employer-provided mobile phones. This fringe benefit applies only to employers that supply cell phones to employees for business-related use, or reimburse employees for the business use of their personal cell phones. The IRS requires no recordkeeping for business use. For more information on IRS Notice 2011-72, go to [www.irs.gov](http://www.irs.gov).

## Mentoring Program for Entrepreneurs

The Entrepreneurial Mentor Corps (EMC) is a pilot program of Startup America designed to mentor early-stage American entrepreneurs so they will build successful businesses and create jobs. EMC's initial plan is to provide funding to four clean energy-focused private business accelerators committed to advancing new technologies, with the stipulation that they mentor 100 small, high-growth potential companies across a variety of sectors. For more information on the EMC, visit [www.sba.gov](http://www.sba.gov).

## Moving Small Businesses Forward

The Office of Small and Disadvantaged Business Utilization Council is a group of Federal small business (SB) program officials who meet monthly to exchange information, discuss SB initiatives, and attend SB-related outreach events. The organization's goal is to engage their own agencies in using more SBs as contractors to meet their annual requirements for services and goods. To learn more, go to [www.osbdu.gov](http://www.osbdu.gov).

## Office Parties, Liquor, and Liability

When planning company functions, business owners may want to question the appropriateness and circumstances surrounding the presence of alcohol as part of office festivities. While alcohol is typically regarded as a “fun extra” contribution to the party atmosphere, businesses need to be aware of the liability involved if an alcohol-related accident were to result.

Lawsuits that arise from a liquor liability could lead to a costly drain on a company's resources. In addition to the costs of legal defense and damages, a liquor liability lawsuit could bring negative publicity to a business and require long hours of staff involvement in court depositions and testimony.

### When Are You Liable?

A court may find a business responsible for an alcohol-related accident under the following circumstances:

1. An event was held to further a company's interests, including relationship building among employees, and thanking employees for their work

performances throughout the year (the two most common reasons for an office party).

2. Employees were requested by invitation or required (directly or by implication) to attend the function.
3. An employee consumed alcohol knowing that he or she would be driving after leaving the function.
4. The primary cause of intoxication occurred while the employee was at the company event, not afterwards at a non-business-sponsored extension of the party.

### Controlling Liquor Liability

The best way to avoid liquor liability is not to mix alcohol with a company function. However, if alcohol is going to be served, businesses can limit consumption and plan for the possibility of over-consumption. One way to limit drinking is to give out drink tickets; after a certain number of free drinks, employees must either stop drinking or purchase additional drinks on their

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## Tips for Filing Insurance Claims

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When filing a **business interruption insurance** claim, it is important to have an accurate record of the income the business was generating both before and after the loss. Keep detailed information of business activity and of any extra expenses needed to sustain your business operations in a temporary location during the interruption period. If you are forced to close down for a period of time as the result of a covered loss, you should also be able to identify any expenses that continue during the time the business is closed, such as salaries of key personnel, advertising,

and the cost of utilities, which are ordinarily covered as a part of the business interruption insurance protection.

### Stay Calm

Regardless of the advice available on handling an insurance claim, experiencing a loss and sorting out the details can be overwhelming. Remember that there is a certain degree of inconvenience involved. However, by following these tips, your claim may be settled more quickly and more efficiently. If you need help, we are ready to assist you in filing your claim.



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## Office Parties, Liquor, and Liability

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own. Another technique might be to serve non-alcoholic drinks for free, while charging for alcoholic beverages. Businesses should also consider serving some type of food to temper the effects of alcohol. Regardless of attempts to control consumption, business owners should plan to provide designated drivers or taxi services, in case the need arises.

To further protect a business where alcohol is involved, a business owner should confirm that **host liquor liability insurance**, which provides coverage for companies not “in the business of manufacturing, selling, serving, or furnishing alcoholic beverages,” is

included in the business’s **commercial general liability policy**. Keep in mind that host liquor liability coverage may not apply if a business is involved in any function that charges (even indirectly) for alcoholic beverages or if a liquor license is required. Separate coverage may be arranged in those instances.

No business can afford to take chances with liquor liability. Before you decide to serve alcohol at your next office party or company event, please

give us a call to make sure you are adequately protected.



## When Disaster Strikes: Business Income Insurance to the Rescue

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### Be Prepared

It is important to realize that business income coverage is limited to the period of time it takes to restore damaged property. Since time will be crucial right after a disaster, you may want to take some steps *in advance* that will enable you to take action immediately. Here are a few tips to help you prepare:

- Create an action plan noting everything that must be done to resume operations on a full- or part-time basis after a disaster.
- Identify all machinery and equipment necessary for business operations and develop a plan to provide backup coverage, if needed.
- Locate alternative sources for the materials and supplies you rely on, in case you are cut off from your major supplier. If a supplier is responsible for a sizable portion of your revenue, consider **contingent**

**business income** coverage for protection should the supplier sustain a catastrophic property loss.

There are many details to be concerned about when it comes to helping your business survive in a crisis. Business income insurance can help provide a key source of funds during a temporary shutdown. For more information, and to address your specific circumstances, give us a call. We would be glad to discuss your coverage options with you.