

Risk, Risk, risk, risk, risk: how much are you taking?

Will you be reassured by this summary of insurance coverages? Or are there unknown gaps in your policy?

by Ed Wandtke

■ Do you really know how many risks you are taking? Some of you may not be insured for a risk, or assume you are insured for a risk.

Although many insurance agents do not know what coverage you really need because they are not experienced with green industry issues, they place you in an insurance package which covers most service or construction companies—often not the right coverage, but a good starting point.

Auto policy—Commercial automobile policies contain an exclusion (you are not covered) for accidents which result in damage to the environment caused by a pollutant. Pollutants you normally handle are fertilizer, herbicides, insecticides, plant growth regulators, or gasoline for power equipment use.

If you have an accident and one of these pollutants spills on the highway, you alone can be responsible for the clean-up. Even if a third party causes the accident, you may remain liable for the clean-up.

Customer property—Did you know that a standard general liability insurance policy covers you for damage to persons or properties adjacent to your customer's property, but not direct damage to your

customers or their property?

Some states have enacted laws requiring the "herbicide and pesticide" endorsement for green industry companies to protect customers and their property. However, many of you do not realize you don't have this coverage and have accepted the risk for any damage on a customer's property.

An experienced agent working with a lawn care or landscape company that is fertilizing the turf (liquid or dry, organic or standard), spraying trees or shrubs, or putting vegetation control in landscape beds, will have sold you the "herbicide and pesticide endorsement" coverage. This is available in the form of a supplemental endorsement to your policy that would provide coverage for damage to a customer or its property, subject to a small deductible.

Fire insurance—Many of you do not adequately protect your business in the event of a fire or other catastrophe. Many policies have a very low clean-up limit, and if you do not have a containment system in your building you may be exposing your business to a very high risk.

Our research has shown that the standard industry policies provide \$10,000 for site clean-up after a fire. Based on today's costs, if the water poured on the fire spread a few bags of fertilizer, a gallon of herbicide, or several gallons of petroleum-based products on the floor of the building, you could have clean-up costs ranging from \$10,000 to \$50,000, depending on the volume and amount of materials that have to be removed.

Business interruption—This coverage, which is most often overlooked,

assures you continuous income if your business should suffer an inability to operate. Those companies in Florida that had the coverage before Hurricane Andrew are in business today. The cost is very affordable, in light of the risk you are taking.

Extra expenses—Business interruption insurance is good to have. But in this industry, extra expense insurance is more important. This type of insurance provides coverage for expenses that are a result of a loss and not normal operating expenses.

For example, if you were to have a loss and you had to rent a truck to continue to meet production, this would be covered by extra expense insurance, but by business interruption only if there were a loss in profits.

Key person—If one key person were lost to your company, would it go out of business? If the answer is yes, you need to purchase this type of coverage.

Insure for the replacement of the individual and the length of time it would take for a new individual to become as proficient as the person lost. Don't assume an individual needs to die for this coverage. Permanent health problems or incapacities can create a need. The survivability of your company will depend on having this insurance.

Key person insurance also avoids the issue of salary continuation being construed by the Internal Revenue Service as a dividend by the corporation to an owner of the company.

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