

# Affordable liability coverage

**If you have liability insurance, don't assume it's the best you can get. And don't assume that high premiums are unavoidable.**

by Bess Ritter May

■ Premiums for most small businesses have risen drastically in the past few years. If you need affordable liability insurance, you have to know how to choose an agent, company and policy. The organization and safety conscious nature of your company also count. Here's a look at the key points to consider when buying liability coverage.

**Agents and brokers**—Agents represent one company, whereas brokers represent many companies which offer different types of coverage at different rates. Choose a broker carefully. You don't want a broker who will pressure you into purchasing coverage you don't need. Nor should you choose a broker who "churns" or "clean sheets" applications.

"Churning" occurs when the agent or broker urges a client to drop a good policy to earn the broker a substantial first year commission.

Other unacceptable practices include the "buy now because you may not be able to get such a great policy later" argument, and doubletalk whenever you question policy specifics.

**What you should know**—Exactly what is covered? Details include: medical payments, product liability, advertising liability, personal injury, contractual liability.

Insist on a "certificate of insurance" from the broker. This is a type of broker's malpractice insurance. It guarantees that if he or she fails to follow through on a binder or omits some critical detail concerning your coverage in their report to the insurer, you can collect through your broker's insurance.

Insist that the agent/broker inspect your entire business premises, including the basement, storage areas and parking lot. Do this before buying, so inspectors can identify hazards and explain how correcting them can bring a lower rate.

Items of concern can range from the lack of fire detectors in storage areas to pot-holes in the parking lot.

Insurance inspectors will also offer

## When accidents happen...

1. You should have a first aid kit ready. Always replenish first aid supplies as needed. Keep the physician and emergency aid number on the cover of the kit. Store it in a handy place.

2. Establish a simple accident report form and make a number of copies. Keep them with your first aid kit. Include:

- name, address and phone number of your company
- name, address and phone number of the injured person/persons
- date and time of injury
- name, address and phone number of closest relative
- description of accident, and signatures, addresses and phone numbers of all witnesses.

3. Don't panic, even if the injury is serious. Do not move the patient. Cover with a coat or blanket and try to keep onlookers away.

4. Even if the injury is relatively minor, keep the injured person in a quiet area and apply first aid.

5. Delegate one person to call 911 or send for a doctor/ambulance/

6. Complete your prepared accident report while waiting for medical help.

If the injured person refuses, make a note of this.

7. Call the insurance company or broker at once and submit your completed and signed report.

—B.R.M.

advice concerning common sense safety practices such as clean, dry floors.

The lawn care industry has a feature most other business don't have: the use of pesticides. Be sure to state—at the time of application—exactly how the chemicals you use are stored and applied. Describe the expertise of the employees who do this work. When you obtain approval from the carrier, you won't be surprised to learn later that a claim is not going to be honored.

"Self insure," by assuming part or all of the smaller losses. Most insurers like this because it can cost them as much as \$500 or more to process a \$100 claim.

**Cancellation clause**—Check your new

policies cancellation clause. This is vital since some companies will actually drop clients who file too many unprofitable claims or transgress in some other way that causes a profit loss for the company.

Insurers do not have to give you a reason for cancelling after as little as five days' notice. So negotiate that clause before you buy, and bargain for time. You will need it to line up new insurance.

Be sure your liability insurance is written so that limits apply on a "per claim occurrence" basis. If you are found responsible for an "incident" which results in the injury of more than one person on one occasion, and are insured on a "per claim" basis, the company is liable for all resulting injuries which occurred at the time. Under a "per occasion" arrangement, the company will guarantee only one payment regardless of the number of persons injured.

Be sure that all workers know and understand the terms of your liability insurance. Post a copy in a prominent space and mark in red all claims which might nullify or reduce your coverage. Insist that all incidents be reported promptly. Delegate all such matters to one competent employee.

Employee ignorance of the policy terms or an error in reporting could someday result in bankruptcy.

**Don't make enemies**—Always be courteous to everyone on the payroll or to anyone who may visit the premises, and to all business associates, and avoid arguments. You never know when a misunderstood word or deed will escalate into a serious complaint involving your liability insurance that might have been forgotten with softer treatment. Insist that all employees develop the same gentle attitude. Be gentle in your treatment of them as well.

With your attorney's help, write up a list of steps you will have to take in the event of a claim. This is done to sure the company will not put you off or invoke a "reservation of rights" clause in order to deny protection.

One example is the requirement of most companies that prompt notice be given on any claim or even on some unusual circumstances which might result in a claim. Check with your attorney again before actually filing for a claim, especially if it is a big one. The insurer is bound to look for loopholes.

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