

Note: *This document was prepared by Grant, Jones & Stuart Insurance as a service to their clients on October 17, 2008.*

The 5 minute Commercial Insurance Checklist

Here are some questions you need to ask of yourself when deciding what type of Insurance (and how much) you need for your business. While it is not a complete analysis of all possible risks facing a business, it is a quick review of the critical things to consider. It is important to contact us if you think that there is a change needed to your policy, regardless of the timing. Policies can be adjusted during their term as well as at renewal time!

Property:

1. Have you acquired or disposed of any equipment which may require an adjustment to your policy limits?
2. Have you acquired or disposed of any land or buildings?
3. Do you have any specialized equipment that would be difficult to replace if it was destroyed by fire or lost/damaged due to theft/vandalism?
4. If you carry inventory, is it increasing/decreasing or staying the same? Do you have a peak period where a high level of inventory is carried? If so special care is needed to ensure you have coverage to the maximum possible exposure.
5. Is your coverage keeping up with inflation and/or currency fluctuations? The cost to get equipment from other countries will change depending on the value of our dollar.
6. If you are renting, make sure you adequately insure any improvements and betterments which you have added or are responsible for under your lease.

Note: All property coverage carries a 'Co-Insurance' clause that may result in a penalty applied to claims payments if an inadequate amount of coverage is purchased. It is critical to ensure that your limits are kept up to date. We cannot guess these amounts on your behalf -you must ensure that we are informed if adjustments are required!!!

Business Interruption:

This is a widely misunderstood coverage and is often purchased with inadequate limits if at all. It is intended to reimburse businesses when they have lost income due to an interruption of business caused by an Insured Peril, e.g., a fire that destroys a production facility. If you don't already have this coverage, we recommend it be purchased.

1. Is your coverage adequate? A rough calculation is sales less cost of goods sold for any manufacturing operation. For non-manufacturing, a rough calculation would be revenues less expenses which would not continue if the business was shut down. Forms are available for making more detailed calculations.
2. Do you have a plan for what to do if your business is destroyed or temporarily shut down by fire or other loss. While you cannot plan for every possible circumstance, a plan should at least be outlined.

Note: All business interruption coverage is subject to varying types of 'Co-Insurance' clauses and the same principal applies to this important protection as it does to property coverage. Always make sure you have enough and be sure to let us know if changes are required.

Liability Coverage:

It is important to note that most Insurance Programs provide liability coverage for 'Bodily Injury' and 'Property Damage.' If your business has an exposure where you could be sued for losses not arising from Bodily Injury or Property Damage, you may have a professional liability (Errors & Omissions) exposure which requires special attention.

1. Be sure to keep us up to date with regard to annual revenues. We will also need to know from what countries these revenues are derived, i.e., Canada, the U.S., or outside North America. Rates for this coverage vary based on the legal climates of these areas.
2. Have you changed the products or services you provide. The business description is a key element of the rating for liability coverage.
3. If you do not already have it, Directors' & Officers' liability coverage should be considered. Lawsuits against Directors & Officers are on the increase due to recent corporate and accounting scandals.
4. As previously mentioned, if you feel you have any form of Professional Liability exposure, please contact us to review your situation.
5. Review your limits carefully! Many companies are requiring a minimum of \$2 million in liability coverage from their suppliers. Also, remember that policy limits are in Canadian dollars regardless of where a suit comes from. If you are sued and tried in the U.S. your policy limit is still in Canadian dollars.
6. General Liability policies provide little or no protection for pollution liability. This coverage is available at an additional cost and we can provide you with more details if you are interested.

Life & Disability:

Many businesses do not protect their most important assets... PEOPLE. At the very least, key man life coverage, some form of disability or group benefits and accident insurance (if Workers Compensation coverage is not provided) should be considered to assist in the event of loss of personnel. The loss of a key individual can be the most devastating blow that a business faces and should not be taken lightly.

Conclusion:

After you have a loss it is too late to make changes to your coverage. This is not the time you want to find out that you did not purchase enough or the right type of protection. If you are unsure about whether adjustments are needed to your policy, please call us. We are here to help and quite often we find once the discussion has begun it is very productive for both us and our clients. With just a few minutes spent reviewing the above there is much less chance that inadequate or improper coverage is provided.

We thank you for your business and look forward to answering any questions you may have.