

Commercial Connections

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Rebuilding to Code Can Be Costly

Without ordinance and law insurance, a property owner can get hit hard by uncovered rebuilding costs that are elevated due to changes in local building codes.

Ordinance and law insurance is usually available as an amendment to your commercial property or business owners policy. In addition to covering the increased costs of building to current codes, this endorsement covers those expenses associated with the portion of your building that is not damaged. For example, consider a \$500,000 building that is 75% destroyed in a fire. Up to \$375,000 of the loss is paid by the property policy for the damaged portion. But what happens when a local ordinance says that, because the building is more than 50% damaged, it must be totally destroyed and rebuilt from scratch? The only way the building owner could collect the additional \$125,000 needed to rebuild the entire building, as well as the cost to demolish and clean up the 25% not directly damaged, is if ordinance and law insurance had been added to the policy.



Ordinance and law insurance can save your business a bundle if disaster strikes. For more information, give our service team a call.

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- When Is The Right Time To Notify Your Professional Liability Insurance Company Of A Potential Claim?

Investigation Key to Workers Comp Claims

If one of your employees suffers an injury or illness at work, your workers compensation claims adjuster may ask for your assistance in conducting an investigation to determine if the illness or injury was an accident and whether or not it is compensable. Investigating an accident ascertains how the incident occurred, whereas investigating compensability determines if the claim is viable.

A compensability investigation will require information, including the injured person's employment status, a review of that person's prior injuries and illnesses, and an investigation to see if there are other medical reasons for the current symptoms.

While such an investigation may seem intrusive to ill or injured workers, it is an imperative step for claims adjusters in reducing fraud and keeping overall costs for claims down.

For more information on assisting in the claim's process and applicable laws in your state, call our service team today.

When Is The Right Time To Notify Your Professional Liability Insurance Company Of A Potential Claim?

Most liability claims don't happen overnight. Their slow-developing nature typically begins with a complaint and ends with a court proceeding. Usually, the time between the beginning and the end is several months or longer. Unfortunately, many business owners wait until late in the process to notify the insurance company of the situation. Instead, they may employ their own counsel to research the issue or simply hope the whole thing just "goes away."

Both of these methods jeopardize coverage for a potential liability claim, even if the nature of the claim is covered by the policy. Most professional liability policies specifically state that the policyholder should notify the insurance company of a situation that might give rise to a claim. This allows the insurance company more time to prepare a defense. If the business owner waits too long, the insurance company may choose to settle or may deny any responsibility if not notified promptly.

While it may be possible to employ your own counsel, this must be approved by the insurance company for it to pay, as most policies state that the insurance company determines how the defense will operate, including what counsel is to be used.

Review your professional liability policy for information on the right time to notify the insurance company of potential liability. For more information, give our service team a call today.

Dual Risk at Professional Firms



Many firms' operations pose risks that are not covered by traditional general liability insurance. Two common risks are "errors and omissions" and "directors and officers" liability. Either exposure can lead to crippling claims if not managed and insured properly.

Where is your business vulnerable? Errors and omissions (E&O) typically involve a performance failure and/or negligence in the provision of products or services. A common E&O claim occurs when a representative of the company, such as a customer service employee or salesperson, provides faulty advice or representation to a customer that causes the customer to suffer financial detriment. Other common E&O claims arise from mistakes issuing paperwork, miscommunication, and errors in recording customer information. To avoid such errors and omissions, a standardized method of handling information, communicating with clients and reviewing work is critical. Following established, documented procedures can greatly reduce E&O exposure.

When are your people at risk? Directors and officers of your firm are responsible for the overall well-being of the firm and its finances. Poor performance or failure in the execution of duties by your business's leaders can lead to claims against your firm and your directors or officers personally. Claims can be made by stockholders, employees, clients, and in some cases the government. Some of the more common claims include discrimination, harassment, conflicts of interest, mismanagement of company assets, breach of fiduciary duties, and acts that violate company by-laws. In general, directors and officers need good legal advice and solid communication with your firm's management throughout their decision-making processes.

In addition to following risk management procedures, professional firms can benefit greatly from carrying appropriate insurance. Some E&O insurance will pay for defense costs as well as judgments against your firm, but policies vary. Directors and officers insurance can protect the personal assets of individual directors from claims from a number of different areas, and it varies on levels of coverage and deductibles.

Our agents can assist you in comparing your options. Give us a call to review E&O or D&O coverage for your firm.