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COMMERCIAL COVERAGE



Protect yourself against viruses and other risks

RISK MANAGEMENT FOR INFORMATION TECHNOLOGY

The greater the role that computers, the Internet and e-commerce play in your business, the more exposure you have to both property and liability risks involving information technology. Digitally stored information is subject to many of the same risks as any other property (fire, flood, tornado, etc.) as well as special risks (computer viruses, malicious hackers, etc.). To prevent the loss of your accounts receivables, customer orders, client records or other such data, you should back up the data regularly and often and store the backup copies in a separate, secure location. Prevent data loss or corruption by viruses and hackers by keeping up-to-date antivirus software and firewalls on all your business computers.

Liability Risks

Digital technology also presents liability risks. You could be sued if there is a breach of your security and sensitive information about others is exposed or stolen. Make sure you use reputable vendors. You could face a lawsuit claiming that your Web site uses another's copyrighted material or slanders someone.

BUSINESS RISK SURVIVAL — EXTRA INSURANCE PROTECTION

Businesses often overlook the need to buy extra or excess liability insurance limits, but these prudent coverage purchases are an essential safeguard, protecting against asset depletion from unforeseen risks. Additional limits protection provides coverage over and above primary policies, which typically offer coverage up to \$1 million per occurrence. Accidents and claims resulting in liability due to negligence can easily exceed the available primary limits. Defense costs alone can be staggering. The reality today is that no business — be it a business involved in the manufacturing, construction, food processing, institutional, or service industry — is immune from inadequate limits losses, especially in an environment of skyrocketing legal costs. A litigious society produces

continued on reverse

COMMERCIAL COVERAGE

Business Risk Survival, continued

increasingly more generous liability damage awards, often disproportionate to the damage sustained. Financial ruin of a business can be one tragic result.

Primary Coverage Supplement

It should be understood that excess or umbrella policies do not replace primary coverage but serve to supplement it by triggering increased limits after the primary coverage limit has been reached or exhausted. For example, a liability claim amounting to \$4 million and which is covered by \$1 million on a primary general liability policy would require a \$3 million excess or umbrella to satisfy the total payout. Think of primary insurance policies more as responders to claims of a frequency nature, and excess as being available for large or severe claims incidents.



Excess or Umbrella?

When purchasing additional liability insurance limits, buyers have two options — excess and umbrella policies. Essentially, an umbrella policy is a stand-alone policy with its own insuring agreement. Excess coverage, or follow-form excess, literally tracks the coverage provisions of underlying policies, while providing additional limits.



WEEKEND COMPANY VEHICLE DRIVING CREATES EMPLOYER RISKS

Company-provided cars can be an asset to an organization and its workforce, but they also pose liabilities when used for personal travel and weekend trips that have nothing to do with business, risk managers say. The risks are heightened when employees use company cars for personal use, simply because weekend driving increases usage by nearly 30% said David Jones, Philadelphia-based VP at Lockton Cos., LLC. Not only does driving increase, but typical weekend activities such as parties or teaching teenagers to drive might result in more erratic driving. As a result, companies must worry about more than the obvious risk of an employee causing or being involved in a vehicle accident that results in bodily injuries to one or more people or extensive damage. They also must consider the public relations risk if an accident is bad enough to spur negative media attention, Mr. Jones said.

Commercial Auto Policy Applies

Still, companies generally allow their employees to use company cars for personal travel, Jones said. While an accident might not be tied to work-related travel, the company's commercial auto policy would apply because it is standard for the insurance on the car at fault to respond first. Some companies may require employees to carry their own additional insurance and furnish evidence that secondary coverage exists. Should the company's carrier subrogate, it would then have something to subrogate against and the company wouldn't incur a higher loss ratio. The company is on the hook, Jones said. "It's their car and they willingly gave the keys to the driver, thus the driver has legal care, custody and control of the car, and the owner is liable for damages to third parties." That potential liability makes instituting clearly defined policies and procedures critical to managing the risks of company owned cars driven by employees.

^ What This Symbol Means to You

There is a difference in where you buy your insurance. Many don't realize there are three sources for insurance:

1. CAPTIVE AGENTS

who can sell you the insurance of only one company.

2. TELEPHONE & INTERNET REPRESENTATIVES

who can offer you the insurance of one company only on the telephone or via computer.

3. INDEPENDENT INSURANCE AGENTS

like us — who represent many insurance companies. We research these firms to find you the best combination of price, coverage and service for all your insurance needs.