



Inside Insurance

Commercial Corner

You can protect your business from employee dishonesty

Employee dishonesty is considered to be a criminal act committed by an employee acting alone or in collusion with others. There must be intent by the employee to cause the employer a loss and to obtain a financial benefit for the employee or someone else.

This optional coverage is provided for dishonest acts of employees of the named insured only. Coverage insures against loss of money, securities and property other than money and securities. Employee dishonesty coverage comes in two forms. The blanket form provides coverage for dishonest acts of all employees. The limit for blanket coverage applies per loss, regardless of how many employees are involved. The scheduled form provides coverage only for the dishonest acts of employees specifically listed in the policy. On the scheduled form, a separate limit applies to each employee listed on the schedule.



Non-owned and hired auto coverage

The optional coverage that really isn't an option...

Non-owned auto coverage protects your company in the event that an employee has an accident using his/her personal auto while on company business. The business activity could be as simple as a trip to the bank or post office.

Hired auto coverage protects your business if you or an employee rents a vehicle in the company name and an accident occurs.

Both of these coverages are optional and can be endorsed to your commercial auto policy. In some cases your insurer will let you endorse this coverage to your business liability policy. Usually this can only occur when your business has no business autos to insure.

Renting a vehicle is a typical activity of a lot of businesses. Rental agreements require the renter to be responsible for physical damage to the automobile. An additional coverage that can be endorsed to your commercial auto policy is Hired Physical Damage coverage. The premium is based on the annual expected rental costs and the maximum value of the rented vehicle.



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- Health insurance choices
- How did Katrina affect your business?



Health insurance choices

HMO? PPO? POS? What do they mean?

Finding affordable health insurance for many businesses is as much about affordability as eligibility. In most cases coverage can be found on a group plan if at least two employees are eligible. There are additional restrictions that vary company by company.

Health insurance plans fall into two basic categories. Indemnity plans reimburse the patients for a percentage of charges for visits to the doctor or hospital of the patient's choice, within certain guidelines. Managed care plans come in three forms, HMO (health maintenance organization), PPO (preferred provider organization) and POS (point of service) plans.

- HMO plans tend to be the least expensive, but enrollees are limited to what is sometimes a limited network of providers.
- PPOs are the most flexible and provide a network of doctors and hospitals that work at discounted rates. Generally patients can pay a bit more out of their pockets and go to a physician outside the network. No primary physician referral to specialists is necessary.
- POS plans combine aspects of both the HMO and PPO plans. Enrollees must be referred to a specialist by a primary physician, but do have the freedom to go to a physician outside the network.

Another option is the Health Savings Account. Like an IRA, enrollees can contribute pre-tax dollars into accounts that invest the money. These plans are used in conjunction with health insurance plans that have very steep deductibles. The cost of the health insurance plan is reduced by the large deductible. Enrollees can withdraw funds from their HSA without penalty to pay for legitimate medical expenses up to the deductible limit. Once the health insurance deductible has been met, these plans usually cover 100 percent of expenses.



In most cases coverage can be found on a group plan if at least two employees are eligible.

How did Katrina affect your business?

You didn't have to live on the Gulf Coast to have been affected by this catastrophic event. While businesses in the hurricane's path suffered tremendous damage from wind and water, many of their business clients or providers may also have suffered losses. When your company suffers a loss of business because a supplier or customer is shut down due to a covered loss, Contingent Business Interruption (CBI) coverage can provide reimbursement. CBI is an optional coverage that can be added to your business insurance plan.

CBI often requires that your policy actually provide coverage for the peril causing your major supplier or customer to shut down. For instance, if your customer has to shut down operations due to a major mechanical breakdown, you would also have to have coverage for that same peril. In New Orleans, a serious cause of loss was from flooding. If that were the cause of your customer's or supplier's shutdown, then you would also have to carry flood insurance for CBI to cover the claim. In some instances CBI does not provide coverage. Excluded from CBI coverage is loss of profit due to utility shutdown.

There are three situations in which this coverage is widely used:

- When the insured depends on a single supplier or a few suppliers for materials
- When the insured depends on one or a few manufacturers or suppliers for most of its merchandise
- When the insured depends on one or a few recipient businesses to purchase the bulk of the insured's products

A related optional coverage that can also be added is Extra Expense coverage that will cover those extraordinary expenses you incur to sustain operations. Those expenses might include moving to a temporary location during reconstruction. Give us a call and we can review the breadth and limitations of this valuable coverage option.