



INSURANCE



# Business to Business

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## Data Breach Law – At Home and Beyond

Do you know where your customers are?

If they are in any of the 50 states, the District of Columbia, Guam, Puerto Rico or the Virgin Islands, they are in a jurisdiction that requires some private businesses to notify the government of a security breach involving the loss or compromise of personal identifiable information.

Such information is defined in the jurisdiction's law and typically includes the combination of a person's name with another piece of data, such as a Social Security number, account number, driver's license/ID number, etc.

What is your responsibility to customers

in your home state? Does it differ from your responsibility to customers in other jurisdictions?

The National Conference of State Legislators offers a helpful resource through its website ([www.ncsl.org](http://www.ncsl.org)) that lists links to each jurisdiction's data breach law. This information will prove helpful to business owners hoping to learn if such a law applies to their business and, if so, how to comply.

Data breach insurance can help businesses with some of the costs of notification,

investigation and aid to affected customers. Contact your agent or broker for details on policies that would suit your needs.



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## Business Events Need Protection



Is your business planning to host an event for colleagues and/or employees this year? If so, make sure this nice idea isn't spoiled by an expensive insurance claim.

There are a few questions to consider. Will your event involve the service of alcohol? Will there be prepared or catered food? Will there be some type of entertainment? Are the folks providing such services adequately insured? Did they sign an agreement that clearly states their responsibilities, including providing proof of insurance?

Think of it this way: you wouldn't want to hire a contractor to perform work on behalf of your business without first verifying the contractor is insured. What if his work caused damage or injury or he hurt himself? The same thought process should be applied to the hiring of vendors, caterers, temporary staff and any other organization that will participate in your event, regardless of how big or small it is.

## Know Your Contractor's Status

Are you one of the many business owners who hires the services of independent contractors, assumes they are independent, and then hears something somewhere that makes you second-guess your instinct?

The confusion over the definition of employee versus independent contractor is not new. Unfortunately, too many business owners rely on their own assumptions or the opinion of others to determine a worker's status. Tax consequences, workers compensation and liability insurance claims are among the numerous reasons why it's essential for all employers to know exactly where the relationship with the worker stands.

Interested employers can review the

guidelines set forth by the IRS on the website [www.irs.gov](http://www.irs.gov). Employers can learn the IRS's common-law rules and details of the three determining categories: behavioral, financial and type of relationship. Employers who still

have questions will also find resources for further clarifying a worker's status.

Employers must also consult state law. An internet search of the state and "employee or independent contractor" may help employers find the various state agencies that govern worker status. Employers who hire workers from other states should consult the services of a tax professional to help determine worker status and its tax implications

**It's essential for all employers to know exactly where the relationship with the worker stands.**

## Managing the Cost of Insurance

All good businesses have an eye on controlling expenditures. There are several actions you can take to manage your cost of insurance.

### Review auto and equipment schedules.

Let your insurance agent or broker know about any changes in your business's ownership of vehicles or equipment. If the policy is still covering something you no longer have, request that it be removed. Also, as equipment ages, its value declines. Review any limits for accuracy and consider if it's cost-effective to pay for physical damage insurance on older vehicles or equipment.

**Review employees.** Specifically, what information is your insurance company using to determine premium? For example, is the driver schedule used by your business auto insurance company still accurate? Employee turnover, as well as a change in an employee's role (e.g., the employee moved to a clerical role and no longer drives a company truck), should be communicated.

**Review property schedule.** If the policy still covers buildings that have been sold or personal



property that's no longer owned or used (such as a manufacturer that stopped making and storing a specific product line), inform the insurance company.

**Review worker classifications.** Premiums for workers compensation coverage vary based on how an employee is classified. Ensure workers are classified correctly. You may need to insure temporary workers and interns, so check state law and your coverage carefully.



## Drone Duties

In December 2018, London Gatwick, the second largest airport in the United Kingdom, was shut down for over a day, affecting more than 760 flights and the travel plans of over 110,000 passengers.

The reason? Drones. Specifically, unlawful operators flying drones too close to the runways.

Aviation rules in the United Kingdom state that a drone may not be flown within one kilometer (0.6 miles) of an airport without first having express permission. The unlawful operators could face up to five years in prison.

A similar rule exists in the United States. According to the Federal Aviation Administration (FAA), a drone may not be flown within five miles of an airport without first being cleared to do so by that airport's air traffic control.

Staying clear of airports and being aware of the FAA's airspace restrictions are examples of the many safety measures that drone operators must adhere to when flying.



The number of businesses finding innovative ways to incorporate drones continues to grow. If your business uses or is considering using a drone for any purpose, as safe and harmless as it may seem, it's essential to first visit

[www.faa.gov](http://www.faa.gov) and learn about registration requirements, restrictions and other important safety measures.

And don't forget that drones require special insurance coverage, in many cases.

## Storm Debris Might Not Be Covered

If strong winds cause a tree to fall onto your building, cause structural damage, or leave debris scattered across your premises (some of which is preventing full access to your parking area), will your commercial property policy cover the costs of cleanup?

Standard business property insurance includes coverage for wind damage, but the cost of debris removal is typically limited and may be excluded based on a few factors. For example:

**What kind of debris is it?** With few exceptions (e.g., underground pipes, pollutants), debris that was part of your damaged building, such as siding, roof tiles or framing,

is covered property, and your policy will contribute dollars for its removal from the premises. However, other types of debris, such as building materials from someone else's property or trees, are not considered covered property under your policy, and removal will be significantly limited or excluded.

**What event created the debris?** Any coverage for the costs to remove debris is available only if the event that created the debris is one that is covered by the policy. For example, if the debris is created by flooding, the policy would not pay to remove it from the premises since flood damage isn't covered by a standard commercial property

insurance policy.

**What if the event caused a total loss?** Major storms can result in a total loss, which could mean there is no money left in the policy specifically to pay the cost to remove the debris from the premises, though some policies may contribute a limited amount of dollars to pay the cost to remove debris. Check your coverage.

It is possible to purchase additional debris removal coverage, and in some cases, you may be able to include the removal of hazardous materials. Also, ask your agent or broker if you have business income loss protection in the case that debris prevents normal operations.





# Filing for a New Legal Entity

From sole proprietor to LLC? From LLC to S-Corp? Or maybe a new partnership is on the horizon.

Maybe your business practices haven't significantly changed, but on the advice of your legal and/or financial counsel, you are considering a change to your business's legal status or adding a new business entity, such as a subsidiary.

Don't forget to report this change to your insurance agent or broker!

A change to your business's legal structure likely will affect how your business insurance policies cover losses. For example, the general liability insurance for your existing business might not cover claims of bodily injury or property damage filed against the new entity. Management liability policies and other important coverages will most likely have to be rewritten, or at least modified.

Keep those policies up to date for the best financial protection for your company.

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## Business to Business

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Name of someone you'd like us to contact:

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- Employment practices liability coverage