



Products and Completed Operations Hazard

If you manufacture, sell or distribute a product, there is a possibility that the use of the product could cause bodily injury. The example everyone thinks of is a stepladder. Next time you are at the home improvement store take a look at all the warnings that ladder manufacturers put on their product. Who really needs to be told not to stand on the top rung of a ladder? But, it is because of the product liability hazard that manufacturers feel it is necessary to include so many warning with their products. Even if you are not the manufacturer, and simply sell someone else's product, you could still be liable.

The second part of this coverage is completed operations coverage. If you install or repair products such as a heating system, you could be negligent should damage be caused by your work after your work is done. Let's say that you installed a new furnace in a restaurant, and later that day a fire ensues. The fire marshal determines that product literature that was left inside the furnace caught fire further melting a plastic cover causing black smoke to spread throughout the premises. The business had to close until repairs and cleanup could be completed. A substantial amount of money was lost and the cleanup was in the thousands of dollars.

Both of the situations cited above would be covered if your policy includes products and completed operations coverage. Not sure if your package includes this coverage; give us a call.



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Key Employee Disability Income Insurance

Sometimes considered the companion policy in a key employee package, key employee disability income insurance is often included along with life insurance. The probability of a key employee becoming partially or totally disabled is actually greater than the probability of death during employment. The key employee disability insurance will pay the firm anywhere from 40 to 70 percent of the disabled employee's income. Should the key employee be a sole proprietor or partner the business could use business overhead disability insurance to provide the same kind of protection.

Key Employee Life Insurance

Would losing a key employee cause negative financial consequences for your company?

A National Association of Insurance Commissioners (NAIC) survey found that 71 percent of small businesses reported they were very dependent on one or two key people for their success.

Life insurance can compensate a business for an expected loss of income, or increase in expenses to search for a replacement in the event of the death of a key employee.

Determining the amount of life insurance to buy is anything but an exact science. The contributions made by the employee to the business must be considered. Is the employee producing a significant portion of your sales, or have special technical skills that will have to be replaced?

Almost any type of life insurance can be used to facilitate a key employee life insurance program. In many cases term insurance is used, but in some situations it might be more appropriate to use a policy that accumulates cash. The firm is usually the owner of the policy, however an equitable split of premium payments, cash surrender and death benefit may be agreed upon between the employee and the firm.



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Business Medical Payments



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Your business liability policy covers you for claims due to your negligence. Medical payments coverage provides payment for bodily injury to third parties that occur on the premises you own or rent as a result of your operations regardless of negligence.

The rationale for this coverage is insurers believe an injured party is less likely to sue you if they receive prompt payment for their medical expenses. Medical payments coverage expedites payment to an injured party without their having to sue.

A relatively high medical payments limit chosen by you might reduce the chances of a minor claim escalating into a lengthy and expensive claims process.

For claims that might be larger than your chosen medical payments limit, the liability portion of your policy would apply if it were determined that you were negligent. Regardless of your fault the commercial liability policy will provide a defense if you are sued by a third party, even if the claim is groundless.