

# When Six Inches of Rain Falls Overnight ...

We hope you are safe and sound after this weekend's rain storm. We're here to help, with answers to questions about flood insurance – and to talk with you about additions to your existing homeowners insurance coverage for things like sewer backup. Remember, you don't have to live in an official flood zone to purchase [flood insurance](#) – it's available to anyone and is more affordable than you think. No matter what your insurance question, you can always Ask Allen.

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## What You Should Know About Hull Perils

By Chris Richmond

Originally Submitted to [WorkBoat Magazine](#)



Chris Richmond

A commercial hull policy can sometimes resemble an action-packed maritime novel: Covered perils of the sea can include men of war, pirates, letters off mart and detainments of all kinds are just some of the terms you might read there. But what about when you just have a problem with your engine? This may or may not be covered.

A hull policy is a named peril policy, meaning unless something is a stated peril– written right there in the policy – it is not covered. That said, a hull policy still provides rather broad coverage. There are always exclusions; for instance, wear and tear is not a covered cause of loss. But you should know about two coverages found in a hull policy: Latent Defect and Negligence of Repairers.

Latent Defect is defined as a flaw in material existing at the time of the building of the vessel or machinery not discoverable by ordinary methods of testing. While the expense of replacing the broken part is excluded, the ensuing damage can be covered.

Negligence of Repairers is another peril which can provide important coverage. Should you have a repair to your vessel's

engine – and it fails – then you may have coverage. Case in point: An insured had a high-pressure fuel line fail repeatedly on his engine. An investigation determined that during a previous repair job, the repairer had not installed the proper number of clamps as stated by the manufacturer. This produced excessive vibration and eventually stress fractures. The client was relieved two-fold. First that he had found out why he was repeatedly blowing fuel lines, and also that he now had a covered cause of loss. Aside from the repair being covered, he could also claim loss of use from the cancelled charters that he suffered.

Claims can come in all different sizes and varieties. Don't be afraid to give your agent a call to discuss what is going on with your vessel. While it may initially appear that there is no coverage, some investigation into the root of the problem can often yield positive results.

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## Understanding an HRA

A health reimbursement arrangement (HRA) is an employer-funded account that is designed to reimburse employees for qualified medical expenses that are paid for out-of-pocket. [Additional information is on this “Knox Your Benefits” PDF.](#)

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# The Top 6 Things to Know About Workers Compensation Insurance

By [Karen Reed](#) and  
[Krissy Campbell](#)

1. Workers' compensation insurance covers your employees' medical expenses if they are injured on the job.
2. Workers' compensation can reimburse the employee for their lost wages.
3. Workers' compensation can provide disability benefits.
4. Maine law requires you to carry it.
5. Workers' compensation can provide death benefits.
6. And the most important thing about workers compensation coverage? Having a knowledgeable local agent who can help you with managing the costs and your exposures.

When you have questions, Ask Allen. We're here to help.

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## Commercial and Mixed-Use Real Estate

# How to balance property owner's dreams with insurance reality



Cale Pickford

By C ale Pickford

Originally submitted to [Maine REALTOR Magazine](#)

The effects of the COVID-19 pandemic have been far-reaching in all industries, but it seems clear that 2020 and 2021 have fundamentally changed the way business is conducted and, in turn, left an indelible mark on the commercial real estate market.

Demand for warehouses and distribution centers for e-commerce, self-storage facilities, affordable housing and certain retail spaces for grocery and pharmacy businesses is at an all-time high, while occupancy rates for hotels, retail, restaurant and traditional metro downtown office space have weakened significantly. Many of these struggling sectors were buoyed by federal stimulus money, and many of the changes to the way people work will remain for the foreseeable future. The impact

of this is being felt right here in the Pine Tree State.

Through both economic studies and anecdotal evidence, we know that Maine is getting a massive influx of new residents. Many are bringing their jobs with them and working remotely for employers elsewhere, while many others will be looking to start new small businesses in our state. Maine welcomes these entrepreneurs – but it is important that dreams intersect with reality before the purchase to bring about an understanding about how insurers look at mixed-use real estate. This knowledge can help you guide your clients in making a decision that will set them up for long-term success.

We can all agree that remote working is here to stay. While there is no question that many employees and business still find value in shared office space which facilitates professional and social interaction, it is clear that the idea that one has to be in a traditional office in order to be productive has been entirely debunked. As a client who recently moved from Massachusetts to Midcoast Maine told me, he could do his job from the moon if there was an Internet connection there.

For the most part, employees of larger companies who work from home do not have any unique insurance needs and a standard homeowner's policy will accommodate their professional use of the home. However, it seems like an equal number of people are bringing their professional expertise to Maine and are looking to work as freelancers or consultants.

Depending on the business sector, these independent professionals need to insure their business in many of the same ways that larger companies do. As with remote employees, so long as they do not have client traffic or employees in their home, they often can rely on a traditional homeowner's policy to insure their home, though it is important to note that that

policy will still exclude any business property or liability exposure. In order to close that gap, these independent professionals will need to secure a commercial insurance package policy, which provides general liability, business personal property (think of that expensive laptop and Zoom lighting set up) and most importantly, professional or errors and omissions liability insurance. Knowing the costs of this insurance program up front is an important component of a sound business plan.

How about those occupations where business cannot be conducted via phone, email and Zoom? Maine has produced and attracted artisans and craftspeople for generations and many of these creative and skilled people take advantage of the low cost, short-commute synergy that home-based businesses provide.

As with work-from-home professionals, the unmodified homeowner's policy excludes coverage for business activities and property. However, unlike use of a room at home for the new traditional office space, many other business activities will disqualify one from homeowner's coverage altogether. In instances such as these, usually the home or outbuilding where business is conducted (i.e. where the product is made) will need to be insured on a commercial policy and then the owner needs to be insured as a tenant of the commercial building.

This kind of hybrid solution picks up the personal property and liability protection which is excluded on the commercial insurance policy. Examples of businesses which might compromise eligibility for homeowners programs would be woodworking, boat building, commercial food products manufacturing, ceramics manufacturing with kilns, farming, and many others.

Historians and economists suggest that the pandemic-inspired paradigm shift will propel Maine to a transformational chapter characterized by sharp gains in property values, a younger and

growing population and economic growth. No doubt this current trend will continue, with many individuals and families making the leap of faith to move to Maine and following their dream. As a central advisor in that transition, make sure these dreamers and doers are considering all of the practical challenges that their move entails. And as always, a critical component of that advice is for your buyer to call a local independent insurance agent who understands your client's dreams and can suggest insurance and risk management solutions that will protect their future.

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## **To Buy or Not to Buy . . . When Do You Need Life Insurance?**

Whether you need life insurance depends partly on your stage of life. If you're younger, you may have less need for coverage. As you move along the path in life, you'll likely have more of a need. And, as your responsibilities lessen, your need may decrease.

Here's a look at how your phase of life affects your life insurance needs.

### **Young and Single**

As a young adult, you likely don't depend on others for financial support. In most cases, your death wouldn't create a financial hardship for others, making life insurance a low priority.



You could argue that you should buy now! The cost of life insurance factors in several things, including your health. At this point in your life, rates will probably be low. Now, while this may be a valid argument if you're at higher risk for medical conditions (e.g., diabetes) later in life, for now, you may want to consider investing the money you'd spend on premiums.

Some exceptions to this include:

- You have a mortgage or other loans with a cosigner. Your death would leave them entirely responsible for the debt, so you may want insurance to cover this.
- You have a child or you're supporting your parent/grandparent. As they depend on you, life insurance could provide support for them if you were to die.

### **Married . . . with Children (Or Without)**

Married couples without children have little need for life insurance, especially if you both contribute equally to the household and don't have a mortgage.

Once you buy a home, though, it's a different story. Even if you both have well-paying jobs, the mortgage debt may be more than one person can handle on a single salary. And other debts, such as credit cards, can add to financial worries. In this situation, both of you should consider buying a modest amount of life insurance to provide financial support.

If you start a family, your life insurance needs are at their peak. In most cases, it's appropriate for both parents to have life insurance.

If your family has a single income, it is completely dependent on that salary for financial security. In this case, both parents should carry enough life insurance to cover lost income

or the economic value of lost services—like having to pay for childcare if the stay-at-home parent dies.

Dual-income families need life insurance, too, because it's likely the surviving spouse will suffer financial hardship keeping up with household expenses and childcare costs.

### **Separation Anxiety**

If you get a divorce, you'll need to decide what to do about your life insurance, both from a beneficiary and coverage perspective. Add in dependents and it becomes more complex.

Keep it simple. If you don't have children, it may be as simple as changing your beneficiary and adjusting your coverage.

Work it out. If you have children, the custodial and noncustodial parents will need to work out the details of your life insurance. You'll want to make sure your children—and not your ex-spouse—are provided for in the event of your death. This may mean purchasing a new policy or changing the beneficiary to your children. If you and your ex-spouse can't agree, the court will decide for you.

### **Climbing the "Corporate" Ladder**

So, how do career changes affect your life insurance needs? It's important to review your coverage whenever you leave your employer or start your own business.

When you leave your job, any employer-sponsored group life insurance coverage typically ends. Find out if you'll be eligible for group coverage with your new employer or look into purchasing coverage yourself. You may also be able to convert your group coverage to an individual policy; it may be more expensive, but it's a good choice if you have a preexisting medical condition that may prevent you from buying life insurance coverage elsewhere.

You should review your coverage amount, too. Your policy may no longer be adequate, especially if you've incurred more debt and expenses. If you own a business, consider your business debt. If your business isn't incorporated, your family could be responsible for those bills if you die.

### **The Golden Years**

Ah . . . retirement! Once you hit these golden years, your life insurance needs may change again. If fewer people depend on you financially, your debts have been paid, and you have substantial financial assets, you may need less coverage than before. But it's possible that your life insurance needs will remain the same. The proceeds from your life insurance can be used to pay for your final expenses or to replace any lost income for your spouse (e.g., social security or a pension). Proceeds can even be used to pay estate taxes or as a charitable donation.

No matter what phase of life you're in, it's a good time to review your options and decide whether you need coverage and, if so, how much. If you'd like to discuss options, please reach out to me or my office.

*This material has been provided for general informational purposes only and does not constitute either tax or legal advice. Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a tax preparer, professional tax advisor, or lawyer.*

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# Commercial Hull Policy Coverage & Equipment On and Off Your Vessel

By Chris Richmond

Originally Submitted to [WorkBoat Magazine](#)

Your commercial hull policy provides coverage for more than just your hull. A policy may extend coverage to the “hull, tackle, apparel, engines, boilers, machinery, appurtenances, equipment, stores, boats and furniture.”

But what happens when you have a claim involving any one of these items? If the claim is covered, then you will first have to pay the deductible. Depending on the amount of hull coverage you have, this can be rather sizable and may well exceed the value of what was damaged. Let’s look at some ways to help improve your coverage

Do you have a tender? Have it listed separately on the policy with its own hull limit and a smaller deductible. The liability from your vessel still extends to the small boat but when the tender has its own hull value listed, you can have a much more manageable deductible. And don’t forget to tell your insurance agent when you buy a new outboard for the tender. This can greatly increase its value and quickly exceed the value for which you have insured the tender.

Do you store items ashore during the off season? Some policies will reduce the coverage on these items while off the boat by covering only claims based on fire. Be aware: Should an item be stolen then your boat’s policy will not react.

Have you installed special equipment on your vessel to perform specific work? They can be scheduled on your policy with a stated value along with an appropriate deductible.

Do you operate equipment overboard? Good luck getting that added to your commercial hull policy. If you have ROV units stored on board your boat you may be able have them scheduled on your hull policy but as soon as they go overboard coverage would cease. Obtaining a stand-alone policy specifically written to cover your ROVs is the proper way to provide coverage. This policy will react to claims from incidents both on the boat as well as in the water.

Take a moment to look at your boat and the equipment that you have on board, then give your insurance agent a call and discuss the current limits you for the vessel and everything on it, especially what can be stored (or is stored) on land. You will be happy you did should you need to file a claim.

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## **President Biden Announces COVID-19 Vaccine Mandates for Federal Employees and Large Employers**

On Thursday, Sept. 9, 2021, President Joe Biden signed executive orders requiring federal workers and contractors to get vaccinated against COVID-19. Biden also directed the Occupational Safety and Health Administration (OSHA) to draft a new emergency rule requiring all businesses with 100 or more employees to ensure all of their workers are either tested for COVID-19 once a week or fully vaccinated. [This News Brief explains further.](#)

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# Employee or Independent Contractor? It Makes a Difference!

By [Sally Miles](#)

Have you ever thought about the difference between an employee and independent contractor?

The answer can be found through a series of questions created by the [Maine Department of Labor.](#)

Paying someone using a 1099 not does automatically make them an independent contractor.

The facts of the relationship between the business and individual conducting work determine whether you have an employee or independent contractor.

When it comes to insurance, this distinction is important because a business's payroll (the people who are true employees and not independent contractors) will impact both their workers compensation insurance and general liability insurance policies, in terms of both cost and risk exposure.

When you have questions, Ask Allen. We're here to help.

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# Why Contractors Should Consider Errors & Omissions Coverage

By [Krissy Campbell, CIC , ACSR](#)

Contractors face several potential hazards in today's competitive and litigious society; customers are sometimes quick to allege negligence in a contractor's work.

Contractors Errors & Omissions insurance, also referred to as E&O insurance, provides coverage for things such as damages arising out of unintentional faulty workmanship, installed products, recall of their work and impaired or defective property.

Questions about contractors E&O insurance? Ask Allen. We're here to help.