

What is a deductible?

A deductible is the amount you're responsible for in the event of a covered loss. In most covered loss cases, you are responsible for any amounts up to your deductible level and your insurance would cover anything beyond that up to your coverage limit. For example, if you select a \$1,000 deductible and have a \$4,200 covered loss, you would receive a claim payment of \$3,200 after deducting the \$1,000.

A deductible applies to each claim. If you have more than one claim in a policy period, you will be responsible for the deductible amount for each individual claim regardless of the number of claims you have during that policy period.

Some examples of inland marine coverage for business

Inland marine insurance can be beneficial to both large and small businesses. It not only protects your business property while it's being transported, it also covers a customer's property while it's in your possession.

Protection of goods and equipment in transit is a big benefit of inland marine coverage and applies to all different types of shipments. A few examples are:

- Shipments from a supplier to a user
- Private shipments from one party to another

- Shipments from a main warehouse to a retail outlet
- Sales persons' samples
- Equipment of any kind that is mostly used off-site

A commercial inland marine policy may also cover damage your equipment does to infrastructure.

These policies offer coverage for all moveable property and equipment as it's transported from location to location, and typically offer full protection regardless of where the equipment is located at the time of loss or damage.

This fills in a gap that exists in other insurance products. A homeowners policy doesn't cover property or equipment that is used in a business capacity, and most commercial policies limit their coverage for equipment that is off the premises.

The type of equipment covered by inland marine insurance is virtually unlimited, but here are a few examples:

- Tools and equipment belonging to tradespersons or repair persons
- Equipment that is being moved to different facilities, such as lift trucks
- Testing equipment
- Pet grooming equipment
- Vending machines

Commercial inland marine insurance also protects fixed property that is deemed to be involved in transportation or communication under the instrumentality of the transportation or communication sections of a policy.

These fixed asset types include pipelines, wharves, docks, transmission lines, outdoor cranes and other loading equipment.

One final advantage of these policies is the protection they offer to bailees. Bailees are businesses that have possession of another person's property for repair, service or storage.

A commercial inland marine policy protects all of the property in their possession, covering all legal liability should a client's property be stolen, damaged or lost.

Just a few examples of bailees who would benefit from inland marine insurance are:

- Dry cleaners
- Jewelry repairers
- Furriers
- Furniture or appliance repair shops
- Computer repair shops
- Storage facilities

What is inland marine insurance?

Despite its name, inland marine insurance has nothing to do with protecting your boat. While the main job of this type of insurance is to protect commercial goods being shipped over land, it also covers personal property being shipped and expensive valuables that are stored at a home or business.

In many cases, inland marine insurance can step in to fill gaps left by your homeowners insurance.

In most cases the shipper is off the hook once the package is delivered, and whether the loss is covered by your homeowners insurance will vary by policy. Inland marine would step up and cover these types of losses.

Inland marine insurance will also step up if your shipped valuables are lost or damaged and the value exceeds the shipper's declared limit value, which is often much lower than you would think.

When it comes to protecting your valuables in transit, inland marine coverage can end up saving you thousands.

What does professional liability insurance cover?

There are a couple of different coverage types of professional liability insurance, based on what you do and provide to customers or clients.

- **Malpractice insurance** is coverage that's specifically designed for medical professionals such as psychiatrists, podiatrists, and gynecologists. It protects against lawsuits that allege negligence or mistakes. If you work in the healthcare industry, malpractice insurance should be the first policy you obtain.
- **Errors and omissions liability insurance** is also known as E&O insurance is coverage that's designed for those who provide advice or services such as lawyers, consultants, insurance agents, and architects. It protects against

lawsuits that claim a financial loss occurred based on bad information or negligent advice.

A lawsuit in the professional industry is not unheard of and in fact very common. There are two kinds of professional liability policy coverage types:

- A **claims-made policy** must be in effect both when the lawsuit is filed and when the incident in the suit took place. This type of policy is the most common, and is usually less expensive.
- An **occurrence policy** covers any incident that takes place during the coverage period, even if the actual lawsuit is filed after the policy expiration. This type of policy provides more comprehensive coverage and is higher priced.

What is errors & omissions insurance?

Also known as professional liability insurance, E&O covers lawsuits that arise from rendering negligent professional services or failing to perform professional duties. This coverage is typically recommended for lawyers, accountants, architects, engineers, IT companies, or any company where individuals provide a service to clients for a fee.

There are a variety of professional liability policies (E&O), each covering a different profession and the risks that they entail.

The policy itself will protect you financially from legal claims

and lawsuits up to your selected policy limits in the event you make a mistake and advise or treat someone incorrectly.

Why do I need employment practices liability insurance?

Unless you have an EPLI policy, your business is not covered against employee lawsuits. According to an industry study, 6 out of 10 non-buyers of EPLI coverage mistakenly think they are protected under other policies.

If you are not carrying an EPLI policy, your business is not alone. A study done by Advisen found that only 23% of companies with fewer than 100 employees purchase EPLI insurance; that number is 34% for companies with 500-700 employees and 40% for businesses that employ over 1,000 people.

Employment practices liability insurance provides compensation for losses caused by employee lawsuits. All court costs and legal fees are included in coverage. EPLI insurance protects your business from the following and more:

- **Wrongful termination:** Statistics show that this is the most common claim brought against employers. According to the EEOC, it is illegal to terminate an employee on the basis of age, race, national origin, gender, or disability. A business can also be sued if they fire an employee for:
 - Taking a leave of absence under the Family Medical and Leave Act (FMLA).

- Reporting wrongdoing to the authorities under the Whistleblower Protection Act.
- **Harassment:** In most harassment cases, the issue is sexual harassment, but cases of violence, bullying and issues based on race, color, age, and religion all fall into this category. The harassers can be senior managers, supervisors, coworkers, agents of the employer, or even non-employees. If the employee can prove the company was aware of the issue and ignored it or did not take adequate steps to solve the problem, the business may face additional fines and penalties if the case makes it to trial. Prevention is the best way to eliminate harassment at your business. It should be clearly communicated to all employees that harassment will not be tolerated.
- **Discrimination:** Discrimination cases involve employees who are turned down for employment or denied promotions or raises based on age, gender, race, national origin or disability. If an employee can show a trend of discrimination in your business, they may have a winning case on their hands.
- **Breach of contract:** Violating the terms of an employee's contract can result in a lawsuit against your company. Proof of damages to the employee due to the breach will often result in a victory for your former employee.
- **Emotional distress:** If employees feel that your business is fostering a hostile environment, or if they are subjected to overly stressful situations in the workplace, they may sue. While these cases can be very difficult to prove, the legal fees for defending the case can be substantial.
- **Other violations:** EPLI coverage doesn't end with these types of claims. It offers protection for suits regarding statute violations, wage and hour violations, wrongful denial of workers' compensation, loss of consortium, false

positives from drug tests, libel and slander.

What is employment practices liability insurance?

Employment practices liability insurance, commonly referred to as EPLI insurance, is specifically designed to protect employers from lawsuits brought by employees. It provides coverage for many situations that general liability insurance does not.

Even lawsuits that are thrown out of court or are won by your company are expensive, due to the high cost of securing legal defense. Therefore, this insurance coverage is very important as financial protection for your business enterprise.

What is covered by employer liability coverage?

Many businesses owners are under the misconception that any employee injury on the job is covered by their workers' compensation benefits. In reality, there are several exceptions that aren't. However, they are covered by employers liability, like:

- **Third-party countersuits.** Say an employee is injured due

to equipment malfunction while operating a forklift. They file for workers' compensation and your business is covered, right? What if they also sue the manufacturer of the forklift? The manufacturer's lawyers will most likely bring a cross suit against your company, claiming the malfunction was due to improper maintenance. Workers' compensation won't help you fight that case, but employers liability insurance can step in.

- **Loss of consortium.** In most cases, an employee who receives benefits from a workers' compensation claim can't file a lawsuit against the employer. However, nothing prevents the spouse of the injured employee from filing a claim against your business asserting that they have suffered losses due to the injury. Employers liability insurance can pick up the tab for these types of claims.
- **Dual capacity suits.** These are lawsuits brought by an employee against the employer when the injury stems from a product manufactured by the employer. In such cases, the employer is liable, as both an employer and a manufacturer. Workers' compensation can't handle such complicated cases, but employers liability insurance can.
- **Gross negligence claims.** If one of your managers directs an employee to do something that the manager knows is dangerous and could result in an injury or worse, your business can be held liable, and workers' compensation will not come to your aid. These are the most common type of employers liability claims and are commonly filed by spouses after a fatality where they believe the employer disregarded the employee's safety.

Many policies have limits on what they will pay out on these claims. You can choose higher limits and pay slightly higher premiums, but rates are usually fairly cheap for an additional \$1 million in coverage.

Or, to increase your limits, you may want to think about a commercial umbrella policy, which works above the employers liability coverage. Your agent can help steer you toward the right choice for you.

What is not covered by employers liability coverage?

As great as employers liability coverage is, it still doesn't cover everything. It also contains exceptions, such as:

- Punitive or exemplary damages because of bodily injury to an employee who is employed in violation of the law.
- Bodily injury to an employee while employed in violation of the law with the employer's knowledge.
- Any obligation imposed by a workers' compensation, occupational disease, unemployment compensation, or disability benefits law, or any similar law. These types of losses are covered under the specific policies designed for these exposures.
- Bodily injury intentionally caused, or aggravated, by the employer.
- Bodily injury occurring outside the United States, its territories, possessions and Canada. Note that this exclusion does not apply to bodily injury if a citizen or resident of the United States or Canada is temporarily outside of the country.
- Damages arising out of wrongful termination, discrimination, harassment, and other workplace-related

wrongful acts. Coverage for this exposure is provided under an employment practices liability policy.

What is employers liability coverage?

You've probably heard of auto gap insurance – a separate policy to cover the difference between what car insurance covers and what is still owed on the loan for a vehicle.

Employers liability insurance is purchased with the same thought in mind: to protect your business from costs resulting from employee claims that are not covered by workers' compensation benefits.

It covers the gap between your company's bottom line and lawsuits stemming from employee activities. Some insurance companies and state regulations even refer to employers liability insurance as "stopgap coverage."

Your state, or the county in which you do business, may even require you to carry employers liability insurance. Which is why it's important to work with an experienced insurance agent who is familiar with your industry, the area in which you do business, and any laws with which you must comply.

You may already have a professional liability policy, an EPLI policy (employment practices liability insurance), a general liability policy, and perhaps a host of other coverages to protect your business from liability risk exposures.

Do you really need another liability insurance policy? Yes. Not one of these products fills the gap between workers' compensation and your revenues and assets, but employers liability insurance does.