

Your BUSINESS

Spring 2013 • New Jersey

CONNELLY-CAMPION-WRIGHT

PERSONALIZED INSURANCE SINCE 1926

704 Belmar Plaza • Belmar, NJ 07719

P 732.280.2800 • F 732.681.4951

www.ccwinsurance.com

ccw@ccwinsurance.com

"Like Us" on Facebook: [facebook/ccwinsurance](https://www.facebook.com/ccwinsurance)

Natural disasters are increasing. Are you covered?

In the wake of recent catastrophic events such as Superstorm Sandy, companies are becoming more aware of the need to safeguard their enterprises by developing strategic plans that include consistent monitoring of their disaster plan.

Unfortunately, the occurrence of a natural disaster typically is when companies most regret not having a business-continuity system in place. As an example, preliminary estimates of Sandy losses total in the billions for damage and business interruption.

This storm awakened us to the fact that natural disasters are increasing. Wind knocked out power for weeks. Flooding spoiled inventory. Soaked and damaged equipment had to be repaired or replaced. Even undamaged companies were shut down for days as a result of damage elsewhere.

Companies can learn another lesson from Sandy: Those with disaster recovery plans were back in business faster than companies that didn't have a plan. Companies with a disaster plan have procedures that help them get up and running as soon as possible after a disaster. Companies that don't plan for these types of catastrophes are likely to wish they had.

Business insurance can limit your liability in the event of a natural disaster or other misfortune. New businesses have different needs from established ones and your coverage should grow as your business grows. Various types of insurance are required by law, while other types are needed for your particular business.

Coverage is available for your building and its contents. Now is the best time to buy flood insurance because, typically, there's a 30-day waiting period from date of purchase before your policy goes into effect.

A few of the common types of business insurance are:

- Business owners—this comprehensive insurance policy will provide coverage tailored to meet the individual business needs. Liability and property coverage are included to meet the basic insurance requirements.
- General liability—this protects your business against lawsuits from bodily injury claims, advertising claims and/or property damage. There are many types of liability insurance.
- Property—this will protect your building and/or business property in the event of a loss such as fire or windstorm.

Call us today about insuring your business and its contents.

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Throwing an event? Protect it

For many businesses, seasonal weather means time to gear up for big events. Hosting a community event or coordinating a convention is a great way to increase exposure and raise awareness about your products and services. Good thing the days are getting longer because these events take hours of planning and investment.

Unfortunately, even the most organized event coordinators can't predict some problems—from seasonal weather, to sick celebrities. That's what insurance is for: Being prepared for the unexpected. If you are planning an event—sporting, musical or even a trade show—you will want to protect it should something happen to force a cancellation. Event cancellation coverage exists to cover your business should it be the victim of power failure, damage to venues, natural catastrophes, adverse weather conditions, speaker/entertainer failures, disease outbreaks and labor disputes.

As soon as you decide to put an event on your business's calendar, we encourage you to call our office—do it early. Many event cancellation policies require the policy to be in force for a period of time (such as 45 days) before the event takes place.

You spend too much time making sure your event goes off without a hitch. Make sure you've remembered to plan for the unforeseen.

Discrimination suits are up

Title VII of the Civil Rights Act of 1964 prohibits employment discrimination based on race, color, religion, sex and national origin. Since it was passed, charges of racial discrimination and sexual harassment have increased each decade. According to the U.S. Equal Employment Opportunity Commission, the body responsible for enforcing federal discrimination laws, the total number of charges filed per year has grown from 80,680 in 1997 to 99,412 in 2012. That's more than a 23 percent increase.

"I don't have to worry about discrimination suits," you say? "I do everything by the book," you say?

The fact is, it doesn't matter. You don't have to do anything wrong to get sued; someone just has to say you did.

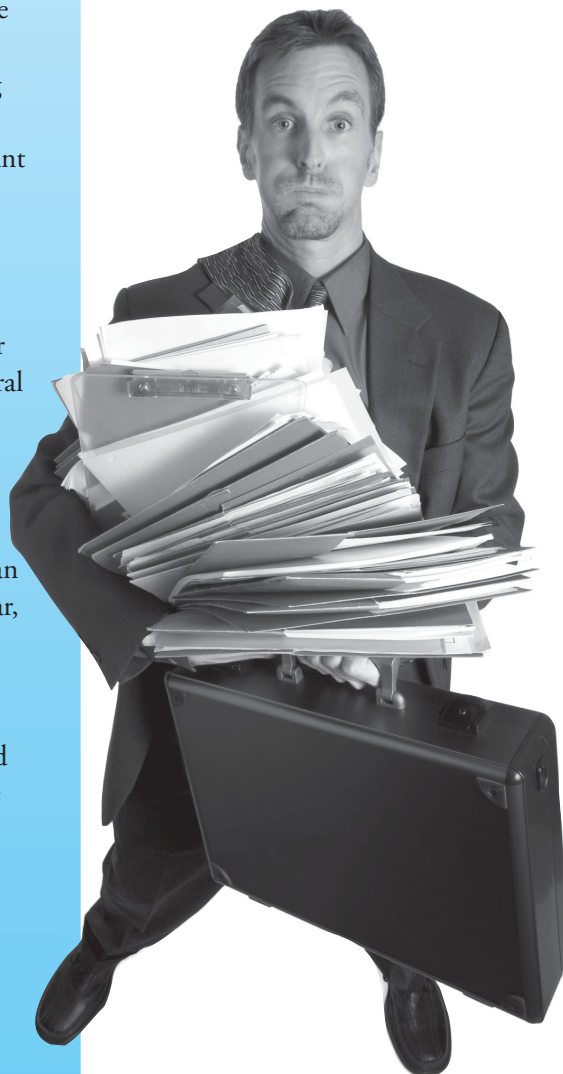
It can be an expensive distinction to learn after the settlement or trial. Defending a single discrimination claim can cost more than \$100,000 in attorneys' fees alone. In 2009, the average settlement for discrimination litigation was \$140,338, which some might call getting off light, considering the average judgment granted by jury was \$991,486.

Enter EPLI

Employment practices liability insurance offers protection against claims and lawsuits that are brought against a business, its officers or directors, or its employees and managers. Policies can cover the following areas: gender- or age-based discrimination; sexual harassment; wrongful termination or discipline; negligent compensation, promotion or hiring decisions; breach of employment contract; emotional distress or mental anguish; invasion of privacy; libel or slander; and employee benefits mismanagement.

Under an EPLI policy, if your business has to deal with a lawsuit, the insurance company reimburses you for expenses incurred in handling the lawsuit—regardless of the outcome of the case. The policy also will cover any settlements or judgments entered against you. Criminal or civil fines, penalties or punitive damages usually are not covered.

A well-crafted personnel policy should be your first line of defense against employment-related claims. Nevertheless, EPLI coverage is another essential tool in a comprehensive risk-management plan. Give us a call today to get started.





Businesses need good workers' compensation policies, but it's not as easy as 1-2-3

If you have employees who aren't owners of your business, generally, you need workers' compensation insurance. Whether you have a handful of employees or thousands of employees, you need to make sure you have the right insurance coverage for your business. The rules surrounding workers' compensation can be complicated. However, we can help you determine the correct workers' compensation for your needs.

What is workers' compensation?

Workers' compensation insurance offers you safeguards and to protect your employees who may become injured or ill in the workplace. The benefits provided by this type of insurance includes: medical expenses, death benefits, lost wages and vocational rehabilitation.

An employer's requirements

Workers' compensation insurance is state-regulated, so requirements for businesses can vary from state to state. This is important to remember if your

company has multiple offices or branches in different states, since your obligations as an employer may vary in each location. Most states offer workers' compensation insurance through private insurers. However, some states, such as New York, offer this coverage through either state funds or private insurances. And, some states, such as New Jersey and Texas, do not require employers to purchase workers' compensation

“just because it's not required doesn't mean it's a good idea to forgo the purchase of a workers' compensation policy”

insurance. However, just because it's not required doesn't mean it's a good idea to forgo the purchase of a workers' compensation policy for your company, since companies in those states are still liable under its workers' compensation laws for injured workers.

Who is an employee?

You may have more employees than you think. Most state's workers' compensation laws consider uninsured contractors or subcontractors to be your employees if they are injured while doing work for your business. These definitions vary from state to state and it's a good idea to make sure you define your employees properly.

This article provides a basic overview of workers' compensation insurance, which is a valuable tool in any business owner's tool box. However, while a workers' compensation policy can provide protections for both you and your employees, purchasing a policy is not as simple as logging onto a website and clicking “buy.” Give our agency a call; we can walk you through the nuances that contribute to obtaining the right workers' compensation policy for your business. There also are other insurance policies that every business needs, be sure to ask us how we can make sure you have the insurance coverages you need.



Tax implications of Sandy for your business

Superstorm Sandy affected hundreds of thousands of people, caused billions of dollars in damages, and shut down business for weeks (or in some cases, permanently). As victims submit claims and receive payments from carriers, it's important to consider the tax implications of your insurance policy's proceeds.

If you sustained property damage at your business and it is covered by your insurance you may run into a scenario where you actually owe taxes. This occurs when the amount your policy pays out exceeds the tax basis of the damaged or destroyed property. Generally speaking, any taxable gain from the proceeds of an insurance policy must be reported, unless the repair or replacement of your property reaches a certain cost, or you make a special tax election to defer the gain. If you decide to defer, then only the money left over after repairing and replacing your property will be taxable.

Unfortunately, as more businesses submit their claims they are finding that some of their losses are not covered. If you have a loss that is not covered by insurance, there is a small silver lining. If your business sustained an uninsured loss, the full amount of the loss can be deducted on your federal income taxes as a business expense. Furthermore, since the loss was caused by a disaster in a federally declared disaster area you would be able to make this deduction either on your 2012 tax returns or by amending your 2011 tax returns. By deciding to amend your 2011 tax returns you will be able to gain some tax savings right away as opposed to waiting to file your 2012 returns.

Taxes and insurance are both tricky. Contact us if you have any questions.

News from our agency

In times of need, you can count on agents

There is a fundamental divide to the insurance industry. There are the attentive, caring people representing professional, independent agencies, and there are behemoth corporations represented by actors and mascots that are in it for maximum profit. Both can sell you a policy, and both can compensate you fairly for a covered loss, but only an agent can physically stand at your side after you've lost your business, assure you that you can overcome the hardship, offer a hug if it's needed, help rip up carpets, provide a hot meal, or do the countless other things that agents take it upon themselves to do but never advertise or print on a policy.

Last year's Superstorm Sandy was the latest example of this, but it will not be the last.

Service to the degree of personal involvement such as this exemplifies the difference between independent agents and the direct-writers of the insurance world. Geckos and cavemen don't make house calls.

We're here for you. If you need our help, give us a call.