

**\*Read this before you renew your business insurance “as-is” \***

## *Manufactures Insurance*

### **Seven Deadly Sins of purchasing insurance for your business.**

#### **1. Spending too much for property insurance**

Turn your Machinery into building coverage. Contents rates are 2 or 3 times more expensive than building rates. (Mainly because of huge loadings for theft coverage.)

2. Equipment Breakdown is new coverage that protects production equipment, boilers compressors, etc from any damage caused by electrical problems and more. This is relatively new and re-designed coverage that fills a major gap in all property coverage forms. New automated equipment like, CNC, mills, EDM's, and machining centers must have this coverage.

**This equipment is your golden goose.  
Don't leave it uninsured.**

#### **3. Business Income: When is the last time your agent asked you to complete a business income worksheet?**

- A.) Do you have adequate limits to pay the bills after the down time from a loss and no receivables are coming in?
- B.) Skilled labor is the key to success in manufacturing. Do you want to lose your key employees during down time or keep them? If your choice is to keep them, did you include employee payroll in your calculations?
- C.) Once you are back into business will, your sales immediately return to “normal”? If not did you set your policy up to pay for this drop in sales?
- D.) Is all of your equipment readily available in the U.S.? If not you need to add additional funding to your “extra expense” coverage to allow for expediting your equipment form foreign countries. (Air-freight vs. ocean cargo)

Proper set-up of business income can mean the successful return to business after a loss, or closing the doors forever-

#### **4. The second fastest growing claim area in the insurance industry is employment practices liability.**

A claim against your company for improper hiring or firing, age discrimination, disability compliance, sex discrimination, harassment, could sink your business faster than the ice-burg sank the Titanic!

Lawyers have turned employment liability claims into their new “cash cow”. The average cost for a claim for defense costs alone are estimated at \$40,000. This does not include damages awarded by juries.

**Ask about employment practices liability now!**

5. Insurance Rates are on their way up again. Usually the most expensive part of any commercial insurance program is the workers compensation.

**Ignoring safety issues in these times of:**

- A.) Extremely low unemployment of skilled labor
- B.) Job jumping for \$.50 an hour
- C.) Lack of loyalty in the workforce
- D.) Ever increasing overhead

**Can seriously affect whether you are competitive in your marketplace.**

- A.) Keeping your employees healthy and busy creates stability in your workforce
- B.) No claims for injuries means a low experience modification factor and higher dividends on your workers comp. This can mean a major reduction in a large component at your overhead. (Work Comp)
- C.) Secure employees also means less chance of an OSHA surprise visit. One of the most common reasons for an OSHA visit is disgruntled employees.

**Are you prepared if OSHA does visit?**

**6. Transportation coverage needs to be written to cover all of your methods of shipping your goods**

- A.) your vehicle
- B.) Air
- C.) Common Carrier
- D.) Railroad

Be aware of the territorial limitations of this coverage. The rules change big-time if you do any international shipping. Ask questions.

The loss of a finished product shipped by you that is damaged or lost in transit and not properly insured can have a major effect on the profit column.

Don't assume the shipping company will take care of you. Take care of yourself. Buy the insurance yourself. If you suffer a loss, your insurance company will pay you for your loss, and then go after the Transportation Company to collect their money back.

You don't have to battle with the Transportation Company, your insurance company does.

7. **Off-Premise Property – What happens when your goods are sent off premise for polishing, heat treating, repairs, etc? Will the company working on your goods have coverage if they damage or destroy your property? Are you sure?**

Structure your own policy to cover this type of loss, as many vendors don't have proper or adequate coverage to protect your property while in their possession.

**Don't guess or assume! Take care of yourself!**

Insurance is all about protecting your company from financial loss.

37% of all un-paid claims happen because business owners have dangerous gaps in their insurance. Don't let this happen to your business.

For **YOUR** piece of mind, call us today for a free insurance review!

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