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Supply Chain Smackdown

A massive backlog at 29 ports along the nation’s West Coast earlier this year due to labor disputes offers a harsh reminder just how dependent the economy is on seamless production. There is much to learn from this situation.

All businesses, regardless of product or service, have a supply chain. Supply chains are not only for retailers. Virtually every business relies on tools and/or products to function, and those tools and/or products likely arrived by boat, train, plane or truck.

Your supply chain is more fragile than you think. Beyond labor disputes, events



such as weather conditions and regulatory changes can halt logistics indefinitely. If you’re like most businesses, you probably

don’t have a backup plan. According to ready.gov, a majority of small businesses have no plan in place to manage interruptions from a primary supplier.

Common business insurance policies don’t cover losses caused by supply chain problems.

The good news is that there are insurance products available to help cover losses due to certain causes of supply shortages. To learn more, call your agent today.

Summertime Workplace Concerns

Did you ever realize how summer vacations affect your business’s insurance claims potential? While vacations are necessary respites for those who take them, they can lead to unexpected exposures back at the shop.

Statistically, tired employees, such as those picking up the slack when the staff has been depleted, are more susceptible to work-related injury. The chance of injury also rises when less experienced people take over duties involving machines or equipment.

Employees left to fill gaps in the workload often incur overtime. Employers unaccustomed

to paying overtime are at an increased risk of violating rules designed to compensate workers for those additional hours. That could expose your business to an employment practices liability claim.

The possibility of errors occurring should be kept in mind as well. Employees attempting to fill the shoes of others with more experience increase the likelihood of error and resulting damages to a client.

When scheduling employee vacations, keep in mind the effects on staff and customers to minimize your exposure to insurance claims.

Problems with Pollution



Pollution exposures come in a variety of forms, ranging from highly corrosive chemicals to naturally occurring mold and water damage. Such substances are a concern for first-party property damage; for example, mold growing on your office walls. They are also a concern for third-party liability exposures; for example, mold growing on someone else's walls because of your work.

Restaurants, contractors, building owners, retailers and virtually every other type of business are likely to have some form of pollution exposure. Assess your business's pollution exposure by reviewing your property insurance policy for information concerning first-party loss causes, such as mold, fungus and bacteria growth. If your business works with or transports substances that could be considered pollutants, review your general liability and auto insurance policies. Look for limitations in the general policy and for amendments added to the policy that could further restrict or completely remove pollution liability coverage.

Consider purchasing pollution liability insurance to cover any gaps found in your general insurance policies. It could save your business in the event of a pollution claim.

Protecting Income from Vehicles and Equipment

Your company vehicle may be a reliable source of transportation, but is it also vital to your income? If you operate a business in which a specific vehicle is needed to do the job, the inability to use it due to damage or theft is more than an inconvenience; it could present a serious business income loss. The same can be said for certain types of equipment, such as a bulldozer or pump, needed to do a job.

Insurance designed to compensate your business for the lost income caused by damage to a vehicle or piece of equipment is an important consideration. Here are a few additional considerations involving this insurance:

- Does the insurance cover losses to the vehicle or equipment which happen anywhere? Or is it limited to losses occurring at your business's physical location?

- Have you determined how long it will take to secure a replacement for the damaged or stolen vehicle or equipment?

- Have you calculated the probable loss caused by the inability to use the vehicle or equipment, and is the limit of insurance adequate?

Finding answers to these questions may be difficult but essential. Without the answers, you could find your business income protection falling short at a critical time of need.

Four Things to Know About Car Rentals

If travel to your next business event finds you at the rental car counter, the inevitable question will arise: "Would you like to purchase our insurance coverage?" Before answering that question, consider the following:

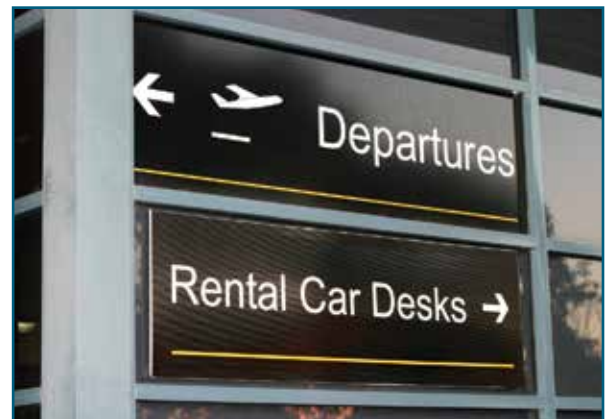
1. If your business has a business auto insurance policy, it probably covers at least some of the damages caused in an

accident. For example, the policy may extend liability coverage if you injure someone or damage someone else's car but might not cover damage to the rental car you are driving.

2. Even if your business auto policy covers damage to your rental car, you probably will have to pay the policy deductible. In addition, you could be out other expenses that are limited or not covered by your policy at all, such as the rental car company's lost income.

3. Your credit card company may cover the damage to your rental car. Or it may not. If your credit card company advertises that it will cover damage to the rental car, read the terms carefully. Such coverage may be secondary to the insurance policy, only covering gaps left by the insurance company's coverage.

4. Your insurance agent knows your insurance policy better than the rental car company employee. Always seek advice about your insurance policy from your agent before discussing insurance issues with the rental car company.



Insurance for Your Mobile Devices

With all the talk about assessing the value of intangible property, such as data or software, if lost or stolen, business owners might lose sight of the importance of insuring the tangible devices on which they're stored.

Further complicating the insurance issue is the fact that many such devices are not kept at the business location. Make sure your company's laptops, smartphones and other mobile devices are adequately insured.

Review the "Business Personal Property" coverage in your business insurance policy. Some policies may not offer sufficient coverage for personal property or worse yet, they may not offer this coverage at all. Making sure the limit is adequate is also important to avoid a penalty for underinsurance.

Determine if the business insurance policy limits payment for personal property "off-premises." Mobile devices are at high risk of being damaged or stolen while away from the business location listed on the company's insurance policy.

Review the business insurance policy



for the types of losses that are covered and consider those that are not. For example, the laptop may be covered if stolen but not covered if damaged while stored in an aircraft's overhead compartment.

Determine how the business insurance policy will respond if the

device is insured elsewhere. For example, if the company smartphone plan includes insurance, review that plan's terms for information about limitations. Also, look for wording in the business insurance policy that limits or removes coverage for items that are insured on a separate policy.

No Business or Product Too Small for Big Liability Claims

Tobacco companies, auto manufacturers and drug companies—just a few examples of industries contributing to the resurgence of large product liability claims in 2014. While such cases seem impractical for most business owners, large jury awards in product liability cases suggest action is needed. That includes risk assessments and insurance coverage for global exposures.

Risk assessments go beyond your brick and mortar operations. Many businesses, including small manufacturers and retailers, are not aware of products liability risk. Such risk could be incurred directly

or by contract with another party. For risk assessment services, consider contacting your insurance agent or scheduling a consultation with a risk management profes-

Just because yours is a domestic business doesn't mean you don't have foreign liability exposures.

sional. Also consult legal counsel for contract review.

Often, commercial insurance is a buy-and-forget product, but that shouldn't be the case. Your business is evolving. While many standard

commercial liability policies include coverage for products liability claims, such coverage may be limited in scope and should be reviewed for adequacy after common risks have been assessed.

Just because yours is a domestic business doesn't mean you don't have foreign liability exposures. Products liability claims can arise from the use of products anywhere in the world. Some insurance policies may be limited as to coverage for losses stemming from abroad.

Your insurance agent has a wealth of information on risk topics, so turn to us for support in your risk control efforts.

Thank you for
your referral.

If you're pleased with
us, spread the word! We'll
be happy to give the same
great service to all of
your friends and business
associates

Cyber Insurance Can't Fix Everything

Many business owners wrongfully assume a cyber-insurance policy will address all potential cyber-related losses.

Not all cyber-related losses are covered, even under a fairly comprehensive policy. The motive for the criminal activity can determine coverage. For example, cyber-insurance companies may exclude attacks generated by a government entity.

Cyber-insurance companies are requiring increased loss-control standards. Some insurers are requiring more evidence from businesses that controls, such as advanced data encryption, are in place to minimize losses before issuing or renewing a policy.

Even losses that are covered might not be paid in full. Coverage limits might be too low to pay the full cost of high-dollar losses, and some cyber insurance policies do not cover the cost to inform customers of a possible breach, government-imposed fines and other financial consequences of a cyber crime.

At your next staff meeting, this might make a good topic of discussion to see if your cyber controls are up to snuff.