

POINTS OF INTEREST

- Have a happy and safe holiday season, not to mention a profitable 4th QTR!
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Office Hours

Monday to Thursday

9 am—5 pm

Fridays

9am—2 pm

You can always send us an email or look for info on www.bretdixonins.com

QUOTES FOR MANAGING EMPLOYEES:

"You'll never get the best from employees by trying to build a fire under them—you've got to build a fire within them."

"Management is what you do with people, not to them."

"We don't need employees of the month, we need employees of the moment—and we need them every single day."

BDI Quarterly Newsletter

BRET DIXON INSURANCE

FALL 2006

Maintaining Protective Safeguards

When a commercial policy contains provisions requiring the maintenance of protective safeguards and measures, it is vital that we work to verify that such safeguards are being maintained. Loss prevention efforts may avert coverage problems in the event of a loss, including denial of coverage.

Policy provisions or protective safeguard endorsements in commercial property policies provide that insurance will be suspended at an insured's location if the insured fails to give immediate notice to the insurer when it knows about a lapse or impairment in described protective safeguards, or does not maintain such safeguards in working order.

The protective safeguards to which the provisions apply may include – but are not limited to – an automatic sprinkler system, automatic fire alarm, security service, a service contract with a privately owned fire-fighting unit, or another described protective system. The specified protection measures must be maintained as a condition of the insurance. Without such requirements, insurance might not be written, the scope of coverage might be less, or the cost of insurance will be much higher. In addition to the familiar protective safeguard systems, devices and systems cited above, other that are required to be maintained include: automatic burglar alarms, video/surveillance cameras, night watchperson schedules, valuable papers and records storage, and automatic dry chemical restaurant systems for kitchen exhaust equipment and fryers.

Our Loss Control Department does its best to provide valuable service to you by following up with you and your 3rd party contractors on the maintenance of protective safeguards such as fire extinguishers, hood & ducts and fire suppression servicing. It's important that you stay on top of these things also because even *with* insurance, losses such as fires can present substantial problems.

Illinois Workers Comp Penalties

The IL Industrial Commission has always required employers to carry work comp coverage for their employees, but recent emphasis has put pressure on businesses who don't. These changes could have a profound impact on many of our clients.

If caught without having workers compensation coverage, there is a minimum \$10,000 fine, with an additional \$500 fine PER DAY that you didn't have coverage in effect. That can add up awfully quick.

What's even more insidious is that violators can be prosecuted as Class 4 felons if the Industrial Commission feels it was an egregious violation of the law. If convicted of that, the Industrial Commission will notify the Liquor Control Com-

mission of the transgression, and the ILCC will immediately revoke your liquor license. Under Illinois law, it is illegal for a convicted felon to hold a liquor license. So before you know it, you could find yourself in a new line of work, or at the very least, operating a completely different type of business.

You may not like paying for Workers Compensation or complying with an audit of your payroll every year by the carrier, but you have to ask yourself, "Is not having it really worth \$500 per day and the risk of losing my liquor license?" Not to mention the out of pocket payments you'll be making to any employees who do get injured on the job, which is how many violators are busted in the first place.

Bret Dixon Insurance

P.O. Box 159

East Alton, IL 62024

**Niche Writers of the
Restaurant & Tavern Industry**



Lessons To Be Learned from the July Storms

Many restaurant and tavern owners that carried Business Income coverage felt the power failure from the storms that ripped across southern Illinois and Missouri in July should have covered their loss of sales. Business Income coverage in the property policy is triggered by direct physical damage to the building and/or contents. The direct damage to the premises should be severe enough to prevent the business from normal operation. The Business Income coverage, once triggered, will usually have a deductible stated in hours (ranging from 12-72, depending on carrier). It is retroactive, so if you have damage and the policy has a 48 hour deductible, coverage will start on the 49th hour.

The shut down on most of the restaurants and taverns was caused by power outage, off-site, due to fallen trees over the power lines. In this case there was no direct physical damage to most of the businesses. This is where Off-Premises Power Failure, including Transmission lines, becomes effective. The St. Louis-Metro area has

never had a storm where so many businesses were down over 24-48 hours.

Utility Service Interruption and/or Off Premises Power Failure are several of the terms put into property policies. These are limited to special causes of loss or accident to the power station, substations and sometimes, transformers.

You must request information from your utilities company as to the cause of the power outage. If the outage happened to be one of the causes of loss to the utility, you may be paid up to a certain dollar amount, as set forth in the policy. Settlements are based on your sales, less food cost, less ordinary payroll and less continuing expenses, so you may recover .30 to .45 on the dollar.

The Off-Premises Power Failure coverage must include overhead transmission lines, as well as gas and water lines. There will again be a deductible in hours (such as 12, 24, 48 or 72) before coverage will be triggered and it will be adjusted based on your cost, per your income statement.