

## POINTS OF INTEREST

- Help us save some trees—Sign up on our website to receive the BDI Newsletter via email.

### Service Center

#### Hours

Monday to Thursday

8:30 am—5 pm

Fridays

8:30 am—2 pm

You can always send us an email or look for info on [www.bretdixonins.com](http://www.bretdixonins.com)

### **Items of Note:**

Looking for health insurance? BDI has been adding markets and now offers a wide variety of individual, family and group coverage plans. Call us for more info.

**1-888-249-0035**

We've redesigned our website with the aim of making it easier to find information and navigate. Check it out. We're always adding new, helpful information.

**[www.bretdixonins.com](http://www.bretdixonins.com)**

# BDI Quarterly Newsletter

BRET DIXON INSURANCE

SUMMER 2007

## Building Materials & Skilled Labor—Are you Underinsured?

At the time of writing this, the first day of summer is still a couple of days away. But the string of consecutive days over the 90 degree mark have left little doubt about what time of year it is. It's official—Summer is here. In the insurance world, it's one of the busier claim times of the year. With thunderstorms popping up with their winds, rain and lightning, not to mention that most of us sit on the eastern reaches of "tornado alley", a property loss is not uncommon this time of year.

Which brings up an often overlooked question: Have you priced building materials lately? Rebuilding or repairing your building can be an expensive ordeal. It wasn't all that long ago that a 2x4 was a little over a buck. Now they're in the neighborhood of \$2.50 apiece. The closer you are to a major population the higher and higher prices get. And as long as you're looking into things, go ahead and check out the cost of skilled labor.

In a substantial enough loss, you could find that the limit you selected on your policy isn't adequate to finish rebuilding and you'd be stuck finishing the project with money out of your own pocket. Many clients are concerned with pricing right up until the time they have a claim, find out they're underinsured, and then their main concern is the quality of their coverage, price be damned.

To help you, we try to help take some of the guesswork out of picking a limit by running a Replacement Cost Estimator. This is a very detailed program used throughout the insurance industry. Many of you have probably already seen these with your quotes and your agent should've spent a few minutes talking to you about them. Using the location, specs and characteristics of your building and considering the current cost of materials such as lumber, plywood, drywall, asphalt shingles, felt roofing paper, ready mix, copper pipe, copper wire, PVC pipe, structural steel, steel studs, reinforcing bars, and all the other supplies that could go into a new structure, an estimate is provided of approximately what it would cost you to rebuild.

## Golf Tournaments, Bus Trips & Street Fairs

An unfortunate side-effect of summer for your industry is that people spend less time indoors patronizing your business and more time outside enjoying the weather. To combat this, you rack your brain to come up with creative methods of getting your patrons' money into your coffers during the doldrums of the summer months. A common summertime activity is the business-sponsored golf outing or weekly bus trips to a ballgame. An ingenious plan, but does your liquor policy cover such an activity?

If alcohol is involved in such an outing, the biggest question is who's providing it? If the liquor is coming from your bar, then any accidents resulting from serving your liquor will likely result in a suit against your bar. Unless otherwise specified via endorsement, liquor policies restrict coverage to your designated premises.

There are two solutions. First, a separate "special event" host liquor policy with a \$1,000,000 limit can be purchased for about \$150-\$200 for the specific activity. This type of policy covers only the named activities on the scheduled dates. A second alternative would be to add the outing to your current policy. While the charge is usually less, any claim arising from the outing would impact your regular liquor policy. If you're concerned with rising premiums, then such a claim would stay on your business' liquor policy for 3-5 years.

# Bret Dixon Insurance

P.O. Box 159

East Alton, IL 62024

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



## Utility Services Coverage

Utility Services, or Off-Premise Power Failure is an endorsement in a commercial property policy which covers a loss to your business from a power outage occurring away from your premises. Many people become confused about the difference between Business Income and Utility Services, thinking that Business Income covers lost income during a period of downtime regardless of the cause, and as a result, most people carry Business Income and assume they're protected from any threat that would shut them down.

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 has to 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).

The problem with Business Income is that if your power goes out because a tree fell on power lines four

blocks away, you have suffered no direct physical damage and your Business Income isn't applicable. How much money would you lose if you lost power or water on a busy Friday or Saturday night? This is where Utility Services is valuable. If a substation miles away gets overloaded or a car wreck on the other side of town takes out a transformer, your business goes down, and you have Utility Services, then your Business Income coverage will still kick in.

Settlements on Business Income are based on your sales, less the cost of your goods, ordinary payroll, and continuing expenses. You may recover thirty to forty five cents on the dollar you lost.

We try our best to extol the benefits of having this coverage at the time of writing coverage, but sometimes clients still feel they don't really need it. Check your policies to see if you might've overlooked a valuable coverage, or contact us and we'll check for you.