



BUSINESS INSURANCE CLAIMS REVIEW

To illustrate how valuable Avalon's Business Insurance program is in managing your company's risks, we compiled the following claims. The settlement and the legal fees were the amounts paid by the insurance company.

Extensive Property Damage

An employee accidentally breaks a water pipe while searching for files, damaging the ceiling, walls and floors of your office. You later receive a call from your landlord's lawyers and they are holding you responsible for repair costs.

Do you have Property Insurance to cover these expenses? Even if you already do, many policies do not cover damage to leased premises. *Will yours?*

Customer Slips and Falls

A customer slips in your reception area while waiting to meet with you and is injured on your premises. Your customer then sues you to recover medical expenses and lost wages as a result of his injury.

There are more than 1 million slip-and-fall related injuries each year, according to the Center for Disease Control and Prevention. *Do you have General Liability Insurance to protect your business in the event of a lawsuit?*

Employee Car Accident

Your receptionist uses her car to pick up food for a meeting. On her way back to the office, she looks down and sees a missed call on her cell phone. Unaware that traffic has stopped, she smashes into another car, injuring a passenger.

The passenger sues your receptionist, but her personal auto limits are not high enough to cover the entire loss. Your company is now named in the resulting lawsuit.

Do you have Commercial Auto coverage with Non-Owned Liability to provide coverage in this instance?

Third Party Liability

An NVOCC shipped a container overseas. While the container was being unloaded at the port, several cartons poured out due to overstuffing by the NVOCC and severely injured the dock worker, who sued the NVOCC for bodily injury and lost pay. The dock worker settled for about half the claim amount.

Claim Amount: \$156,750
Settlement: \$75,000
Legal Fees: \$5,340
Insured's Deductible: \$5,000

Employment Practices Liability

A secretary in a property broker's office requested her hours be adjusted so she would be able to take care of her sick father during morning hours. Her supervisor denied the request, telling her the office needed her during core working hours, and if she wasn't happy with her schedule, she could find another position elsewhere. The secretary quit and sued the property broker under the Americans with Disabilities Act, alleging failure to accommodate and discrimination on the basis of being associated with a disabled person.

Claim Amount: \$250,000
Settlement: \$100,000
Legal Fees: \$15,470
Insured's Deductible: \$10,000

General Liability

During a delivery, a security guard was crushed between a truck and trailer on the insured's premises. The security guard was unlocking the trailer so it could be hooked up to a tractor. The driver mistook another security guard for the claimant and backed up to hook up the trailer without getting out of the vehicle to check if it was clear to do so. The security guard was crushed and suffered severe bodily injury damages. A lawsuit was filed against the warehouse and trucker. It was originally believed that the insured had little liability since the accident was the fault of the trucker. During the course of the legal investigations, it was discovered that the insured had hired a security consultant before the accident to review security procedures at its warehouse. The consultant provided an extensive list of procedures that the insured did not implement. As a result, the insured's liability exposure was much greater than originally anticipated and this was not disclosed until late in the discovery proceedings. Given the extent of bodily injury suffered by the claimant, the amount of damages being sought, and the negligence of the insured for not following recommended security procedures, the insurance company settled the claim to avoid court proceedings. A jury trial would not have been a favorable outcome for the insured.

Claim Amount: \$11,000,000
Settlement: \$750,000 from insured
\$5,500,000 from trucker
Legal Fees: \$57,955
Insured's Deductible: \$10,000

For more information on Business Insurance, contact your local Avalon office or email marketing@avalonrisk.com