

# Are You Guilty of These Insurance Mistakes?

After speaking with AAHA member practice owners over the past five years, the sales and service teams developed a list of the most frequent insurance mistakes that veterinary practice owners make with their insurance portfolios. Are you guilty?

## **Mistake #1: Your limits are too low**

Many owners underestimate the value of their property and equipment. This includes new equipment purchased after the practice's last evaluation. The AAHA Business Insurance Program team members specialize in veterinary business insurance and can provide you with suggestions on determining appropriate limits for your practice.

*Consider this scenario:* Your practice is destroyed by fire and the new construction lasts more than seven months. The loss revealed that the policy limits for the structure, property, and business interruption were too low to adequately rebuild without incurring out-of-pocket expenses.

## **Mistake #2: You do not have employment practices liability coverage**

Every practice owner faces exposure to employee allegations of discrimination and harassment lawsuits. The AAHA Business Insurance Program offers a stand-alone employment practices liability policy, which will respond to employment related claims.

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# BUSINESS INSURANCE



## news for you

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## Reduce Your Risk and Workers' Compensation Costs

To many practice owners, workers' compensation insurance is just another unavoidable cost of doing business and an expense over which they have little control. However, controlling workers' compensation costs are not as difficult as one might think.

Here are some common sense steps you can take to improve your accident record and control your workers' compensation premiums:

**Cost reduction begins with the hiring process.** Good interview techniques and thorough background checks will help you identify potential problems.

- ▶ Begin by reviewing the applicant's resume. Pay careful

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For more educational articles and program information, visit [www.aahainsurance.org](http://www.aahainsurance.org) and click on 'AAHA Business Insurance Program' in the center of the page. You may also download a free copy of the Business Owner's Playbook.

*Insurance mistakes continued from page one*

**Consider this scenario:** A former employee filed a lawsuit against the practice alleging age discrimination. The employee was terminated and believed the action was due to being age forty-six. You incur legal defense fees along with possible settlement fees.

### **Mistake #3: You do not have a flood insurance policy**

Only a flood insurance policy provides adequate protection from loss or damage caused by a flood. Your practice is more susceptible to flood damage than fire, and flood coverage is relatively inexpensive.

**Consider this scenario:** Your building and interior (carpet, flooring, walls, equipment, electrical and plumbing systems) are damaged after a body of water overflows and floods the practice, resulting in nearly \$20,000 in damages. Your business owner's package does not cover this loss.

### **Mistake #4: You underestimate the value of your equipment and supplies**

Make it mandatory to annually reassess the value of your practice's equipment and supplies. The AAHA Business Insurance Program includes coverage for spoilage of perishable and biological property, as well

as property in-transit, in addition to your building and equipment.

**Consider this scenario:** A fire destroyed your ultrasound and radiograph machines. The cost to purchase new equipment exceeded the business personal property limit by 35%. You had to personally pay for the cost difference.

### **Mistake #5: You do not have business interruption coverage**

If you were unable to treat patients during a temporary practice closure, how much would you lose in profit? The AAHA Business Insurance Program's business interruption insurance will protect you in these instances.

**Consider this scenario:** Your practice closed for two weeks for repairs after a covered loss. Typically, the practice revenue for a two-week period is \$34,000. The loss of these profits has put the clinic in financial risk.

**Don't wait until you experience a claim to discover that you are not adequately insured. Call the AAHA Business Insurance Program today at 866-380-AAHA (2242) for an evaluation of your insurance portfolio.**

## **Program Five-year Anniversary!**

This year marks the fifth anniversary of HUB as the recommended business insurance broker for members of the American Animal Hospital Association. Mike Ahlert, executive vice president for HUB International Midwest Limited, recently visited the AAHA office in Lakewood, Colorado and presented Diane Lopez, senior manager for the AAHA Preferred Business Provider Programs, with a glass award thanking AAHA for the preferred business provider relationship over the past five years. The AAHA Business Insurance Program currently offers solutions for the primary components of your business insurance portfolio: practice owners package, workers' compensation, commercial auto, mobile coverage, flood, ERISA bonds, and employment practices liability.



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## Tips to Protect your Practice Property

Knowing when and where to take a risk is an important trait for any successful veterinary practice owner; however, taking a risk on safety, security, and insurance coverage could be the last business decision you make. The following recommendations can help you avoid or recover from theft or loss.

### 1. Maintain your property and keep it in good condition

The exterior and interior of your building structure should be regularly checked for damage and potential hazards.

Keep the electrical system up-to-date and upgrade if necessary to accommodate new equipment or an increase in use. This also applies to heating and air conditioning units and plumbing.

Have the roof checked to ensure that it is free of leaks and that there is adequate drainage to prevent damage from water, snow, or ice accumulation.

When applicable, remove snow, ice, and water from sidewalks, driveways, and roads.

### 2. Maintain appropriate security controls

Make sure doors and windows have secure and properly working locks.

Use a burglar alarm that reports to a central monitoring facility staffed 24/7.

Train employees to recognize potential risks of theft of practice property.

Create a process for employees to report vandalism and theft anonymously.

Train your employees to recognize counterfeit currency and invalid credit cards.

Collect cash from registers frequently to limit the amount of currency and reduce the chance of theft. Bank deposits and inventory should be overseen by more than one individual.

### 3. Follow fire and safety prevention standards

Establish and enforce no-smoking rules.

Check all smoke alarms, carbon dioxide detectors, sprinklers, fire extinguishers, and hoses regularly to make sure they are working properly and free of obstruction.

Train employees to respond quickly when a fire is seen or smelled. Provide fire escape routes to employees in case of emergency.

Use non- or low-combustible materials at all times when available. Store any dangerous and flammable material safely. Also, segregate valuable assets and potentially flammable materials to reduce the risk of damage or destruction.

### 4. Consider factors beyond your control

Develop a disaster recovery plan that takes into account continuity of your computer operations, protection of vital records, and communication with employees and customers in the event of an emergency or disaster that interrupts your normal business operations.

Flood and other natural disasters are typically excluded on most business owner's policies, but should be considered as a separate purchase. Insuring only a percentage of the replacement cost puts you at risk of not being able to cover the costs associated with rebuilding your practice.

### 5. Take stock of your property

Knowing what you own and being able to verify ownership is critical information you need when reporting a loss and filing a claim. Before a loss occurs, inspect and take a full inventory of

your property. Photos and videos are helpful in supplementing your written records.

Maintain a file of original purchase invoices in a secure, fireproof location. Mark office machines and tools with identifying etchings or keep their serial numbers on file.

Review your property at least annually, making sure to note any upgrades to furniture, fixtures, equipment, or carpeting that may affect the value of your



practice and discuss these changes with your insurance broker who can then adjust your coverage limits.

### 6. Annually review limits

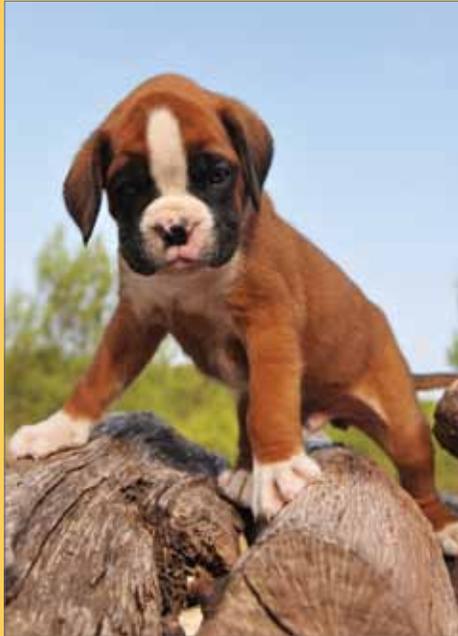
Your coverage limit should be an amount that can sufficiently rebuild your structure and replace damaged items at current costs. Complete replacement value is highly recommended.

If your policy has "blanket" coverage, make sure that all of the properties you want coverage for are listed on the policy. Property not specifically listed on the policy may not be covered.

Having the appropriate insurance coverage can help ensure your business will recover from loss or damage.

**The AAHA Business Insurance Program is dedicated to helping veterinary practice owners manage their insurance needs and plan for the unforeseen. Call us at 866-380-AAHA (2242) to discuss protecting your practice.**

attention to gaps in employment history. Ask the applicant to explain the reasons for these gaps. Probe for information about the applicant's attendance record during previous jobs.



► Conduct a complete background check after you have obtained written consent from the applicant.

► If you decide to use any additional screening tools, be sure to establish reasonable criteria and apply uniformly for all applicants. Examples include:

- Fitness-for-duty physical exam and medical history review
- Skill and/or personality test to assess competency and work ethic.

**Make workplace safety a top priority.** Train new employees to perform their job safely.

Develop a written program that is presented to all new hires during their orientation.

**Maintain safety awareness.** Continually remind your employees to practice safety by posting reminders in common areas and holding meetings to discuss safety issues.

**Monitor employee morale** and take steps to deal with employees who may be causing problems.

**Reduce the risk of accident or illness** by keeping the work place clean. For example, you can reduce trip-and-fall accidents by eliminating clutter.

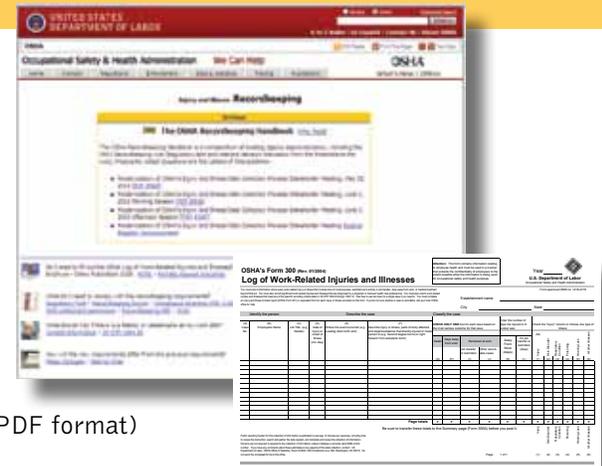
**Institute programs to keep the workplace drug and alcohol free.** Within legal parameters, test employees for drug and alcohol use.

**No one benefits when employees get hurt on the job. With focus and effort, you can make workplace injuries less frequent and less severe, thereby making your veterinary practice a better place to work.**

## Did You Know?

The Occupational Safety and Health Administration (OSHA) provides numerous resources at [www.osha.gov](http://www.osha.gov) to help you meet the Occupational Injury and Illness Recording and Reporting Requirements. Visit:

- [www.osha.gov/recordkeeping/index.html](http://www.osha.gov/recordkeeping/index.html) (Main recordkeeping page)
- [www.osha.gov/recordkeeping/handbook/index.html](http://www.osha.gov/recordkeeping/handbook/index.html) (Recordkeeping handbook)
- [www.osha.gov/recordkeeping/RKforms.html](http://www.osha.gov/recordkeeping/RKforms.html) (OSHA's Form 300 in an Excel or PDF format)



## AAHA Business Insurance Program

**Call 866-380-AAHA (2242) today for a coverage evaluation.**

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