



Healthy Practices.
Healthier Pets.

business insurance UPDATE

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Have You Heard the News?

The New AAHA Business Insurance Program is Here!

Welcome to the first issue of *Business Insurance Update*, a publication for business insurance policyholders in the AAHA Business Insurance Program. Our premier issue has been distributed to all AAHA members, so to continue receiving this educational publication, check out the AAHA-recommended business products and join the program today.

Premier Insurance Providers

Earlier this year, AAHA selected Hub International Midwest Limited as the recommended program broker for the AAHA Business Insurance Program. Hub International is one of the leading commercial insurance brokerage firms in North America. The primary insurance carrier for the AAHA-recommended products is The Hartford, with more than 12,000 policies nationwide and roughly \$40 million in written premium for veterinary practices alone. Sales and service for the program is provided by the Hub staff in Chicago, Illinois.

Tailored Products

The AAHA Business Insurance Program offers a full line of business insurance products and safety and loss control resources for today's veterinary practice owner.

Here is a brief overview:

A **business owner's policy** offers **property coverage** and **general liability** protection. The property coverage responds to losses or damage to physical property caused by a covered peril. General liability responds to losses such as if someone is injured as a result of a negligent act/omission in the operation of the practice (e.g., a client slips and falls on a wet surface in



the reception area). In addition to property/liability coverages, the AAHA-recommended package policy offers protection for damage to valuable records and papers, perishables, and computers and media, among others. Every policy includes loss of income from off-premises power interruption and business interruption coverage. One of the unique coverages that a practice owner will likely not find in a standard business owner's policy is protection against damage to buildings and contents caused by animals in the practice's care, custody, or control.

Umbrella liability, commercial auto, and mobile loss of income and extra expense coverages are also available.

Workers' compensation insurance provides medical care, death, disability, and rehabilitation benefits for employee job-related injuries or diseases, regardless of fault.

Employment practices liability (EPL) responds to allegations such as wrongful termination, discrimination, and sexual harassment.

For a coverage evaluation, please call the AAHA Business Insurance Program at 866-380-AAHA (2242) extension 4674.

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How Will You Respond to Allegations of Discrimination?

Are You Covered, or Will You Have to Dip Into Your Savings?

If you haven't investigated securing employment practices liability (EPL) coverage for your practice, now is the time. Jury Verdict Research® reported that the average median award for employment practices liability lawsuits in 2004 was \$218,133—nearly 20% more than 2003.¹ During a seven-year period from 1998-2004, Jury Verdict Research analyzed plaintiff verdicts and reported that the highest award median (based on cause of action) was from whistleblower suits, followed by discrimination. Additionally, sexual harassment and a hostile work environment were two frequently reported employer actions. Jury Verdict Research reported that the data (from 1998-2004) for plaintiff and defense verdicts revealed that sex (39%) was the most common type of discrimination claim, followed by race (22%), and then disability (16%). Age discrimination (14%) was one of the lowest in terms of claims made; however, the award median for age discrimination was the highest, at more than \$262,000. Disability had the second highest award median, followed by sex, and then race.

Employment practices trends indicate that it is more important than ever for employers to protect themselves. One way to do this is by purchasing employment practices liability insurance. With an EPL policy, the insurance company has a duty to defend you against covered allegations such as wrongful termination, discrimination, and sexual harassment. This duty to defend clause transfers your risk and the legal fees to the insurance company. Furthermore, an optional punitive damage sublimit is available through the AAHA-recommended Program, which is typically excluded from most EPL policies. Pricing averages about \$950 and is based on the liability limits and number of employees. In the event you decide not to secure an EPL policy at this time, and you have your business owner policy through AAHA, you can add-on a small EPL limit to your package policy for a minimal increase in premium. Please note—the package policy add-on may not include all the features and benefits in the stand-alone policy. Call the AAHA Business Insurance



Program today at 866-380-2242 extension 4674 for more information.

In addition to employment practices liability insurance protection, a comprehensive employee-relation program will help protect you and your assets. It should include good communications; thorough and consistent personnel records; and standardized hiring, promotion, and disciplinary procedures. Furthermore, you should stay informed of legislation changes that affect your business.

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Good Communication

Develop a human resources manual and keep it updated. Make sure your employees are familiar with the practices, policies and procedures, and have them sign off to indicate they have

read and understood them. Display employment-related federal and state posters in lunchrooms or other visible areas (ie, Title VII, Family Medical Leave Act (FMLA); wages/hours; and OSHA compliance).

Keep Careful Personnel Records

Thorough records of patient care can be beneficial in the defense of professional liability claims. By the same token, detailed personnel records can help prove you have acted responsibly and in good faith.

Personnel files should document all instances of improper conduct, including when the incidents occurred and the action taken. Copies of written warnings or reprimands, signed by the supervisor and the employee, should also be included. Make sure that written warnings do not have derogatory statements. Also, allow your employees the

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The Hartford Improves Our Business Owner's Policy

The Stretch Plus for Veterinarians, offered exclusively through The Hartford, now offers higher overall coverage with a blanket coverage limit. With the blanket coverage limit there's no individual limit applied to covered loss areas.

Here's how the Stretch Plus works:

A blanket coverage limit of \$150,000 responds to loss or damage to:

Accounts Receivable
Computers and Media (*helps recreate the data, hardware, and software*)
Personal Property of Others
Property (eg. perishable stock) as a result of a change in temperature
Valuable Papers and Records

Here's how a typical policy is constructed:

Each type of loss has an individual limit applied. Once a limit is exhausted, expenses would be out-of-pocket.

| | |
|---|----------|
| Accounts Receivable | \$25,000 |
| Computer and Media (<i>helps recreate the data, hardware, and software</i>) | \$25,000 |
| Personal Property of Others | \$25,000 |
| Property as a result of a change in temperature | \$25,000 |
| Valuable Papers and Records | \$25,000 |

Consider this scenario: Dr. A experiences a \$45,000 loss in vaccines and other pharmaceuticals due to a power outage.

Under the AAHA-recommended policy with the Veterinary Stretch Plus, Dr. A would be reimbursed for \$45,000 (less the deductible) for the covered loss.

Under a standard policy, Dr. A would only be reimbursed \$25,000, less than 54% of the loss! Dr. A would be responsible for covering the remaining \$20,000 out-of-pocket.

Additional coverage highlights in the Stretch Plus include:

→ **Laptop Computers Worldwide Coverage**—\$10,000

This also includes PDAs and Palm Pilots and is great for mobile veterinarians.

→ **Personal Effects**—\$25,000

Look around your practice and consider all the items not owned by the business, such as your staff's outerwear and personal electronics (iPods, cell phones, desk radios)—these items are only covered by the personal effects limit.

Coverages may vary. All references to coverage are subject to the policy's conditions and exclusions. The insurance policy and not this newsletter will form the contract between the insured and the insurance company.

→ **Ordinance or Law**

Undamaged Portion—\$25,000

Demolition Cost—\$25,000

Increase Cost of Construction—\$25,000

Tenant's Improvements and Betterments—\$25,000

Many times, when a practice has to be repaired or rebuilt due to a covered loss, the new construction must be built to code. In some cases, rebuilding to code may require tearing down undamaged portions of a building.

Frequently Asked Workers' Compensation Insurance Question:

Are Volunteers Covered on My Workers' Compensation Policy?

Yes, if you are insured through the AAHA-recommended Workers' Compensation Program, except in the states of Wisconsin and New Jersey where it is not allowed (subject to policy terms, conditions and exclusions). Veterinarians who secure coverage outside the AAHA-recommended program probably do *not* have coverage because volunteers, unpaid externs and preceptors are generally not included in state workers' compensation statutes. In this case, the practice owner can be sued for negligence if the volunteer is injured.

allegations of discrimination continued from page 2

opportunity to respond to accusations of misconduct in writing, while the event is fresh in memory.

Fair is Fair

Discrimination claims can arise when employees are treated differently from each other. Adhering to standardized hiring, firing, and promotion procedures can reduce your exposure to EPL claims. Should you be charged with discrimination, you will be able to show that all employees are treated fairly by proving that your employment procedures are standardized.

Stay Informed of Legislative Changes

Pay attention to changes in legislation and keep office managers or supervisors informed. This may include providing articles on new legislation and discussing the changes required in your office procedures. If you are unsure as to how a new law or regulation will affect your personnel procedures, ask your attorney.

1. *Employment Practice Liability: Jury Award Trends and Statistics. 2005. Jury Verdict Research®. Horsham, Pennsylvania: LRP Publications.*



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**Call 866-380-AAHA (2242)
 extension 4674 today for a
 coverage evaluation.**



This newsletter contains only a general description of coverages and does not include all the benefits and limitations found in the policies. Coverages may vary. All references to coverage are subject to the policy's conditions and exclusions. The insurance policy and not this newsletter will form the contract between the insured and the insurance company.