



Dedicated to Serve!

Highlights:

- Welcome!
- Food For Thought...
- Q&A - Fallen Trees
- Reality - Flood Insurance
- Insuring to Value
- PA Construction Workplace Misclassification Act (Act 72)

Trinity was founded on the core principle of *Service*. Our mission is to seek out and serve with the highest measures of morality, ethics and integrity. We don't simply want to be your insurance broker; we want to be your trusted partner. We want you to know that we are working for you, with you and with your best interest and our reputation first.

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Allow me to welcome you to the Second Edition of the Trinity Risk Services newsletter! These are exciting times for Trinity. If you are new to our newsletter family, we welcome you! If you are returning, we thank you for your support and interest.

Food For Thought... There is no question that time does not stand still. Recently, while working on an exhibit involving photographic clip art that I had used in the past, I received a very clear reminder of how things have changed over time. Simple pictures of people working - in every day, typical jobs. Even though the shots depicted the images I was looking for, I could not, in good conscience, use them. Why you might ask? Because time has not stood still. With time typically comes advancement in technology, in processes and definitely we've experienced advancements in workplace safety. The images depicted workers involved in activities that, back then, were considered typical. But, by today's standards, the thought of an individual welding without a shield, without gloves, traffic directors without appropriate garb, etc. is no longer the norm or acceptable practices. We, hopefully, learn from our experiences. We look at risk differently today than how we looked at it in years past and, as a result, we strive to have safer work environments.

Our mission is to help you identify exposures to loss and assist you in determining measures and processes by which to mitigate or eliminate the exposures so that everyone goes home to their families at the end of the day.

Need help with your Workers' Comp exposures? We can help.

Donna

Questions and Answers... With all of the inclement weather we've experienced as of late, there has been lots of chatter about fallen trees. **If a tree falls on my property, does my insurance policy respond?** Well, a lot depends on the wording within your specific policy, but generally speaking, there is limited coverage provided by *most* policies for removal of trees from the residence premises if it is a result of a covered/insured peril. In some states, such as PA, VA, TX, NC, the tree must first damage a covered structure in order for tree removal coverage to apply. If you find yourself in such a predicament, don't hesitate to contact your agent and/or insurance company and inquire. Trust the experts in the claims department to determine whether your fallen tree is a covered claim or not.

Reality... Of the 4,000+ homes under water from the Mississippi River, only 376 of the residents had flood insurance.

The typical Homeowners policy does not include coverage for Flood exposures. Are you adequately protected?

The Danger of Being Underinsured - You have a home or building for sale for \$250,000 – a fair price. If we come along and offer you \$100,000 for the property, will you accept our offer? Probably not, but far too often that's exactly what we do when purchasing insurance....

Whatever your interest, whether it's a business, your home, auto coverage, there are serious dangers associated with being underinsured. And, there seems to be an epidemic occurring these days with just such situations. All is well and good until the "unthinkable" occurs and that's when the problems, the disappointment, and even in some cases, the legal issues begin. But, is it fair to refer to a claim as "unthinkable"? After all, if we didn't fathom that a loss could occur, then why would we secure insurance in the first place? Facts are, losses, accidents, fires, injuries do occur, and usually when we least expect them or at the most inopportune time.

Consider this: If your home or building insurance has been with the same insurance company for a number of years, chances are that your annual increase in insurance has not kept up with the Replacement Cost valuation of our times. This is something that we see every day when asked to provide a quote for a home, a commercial building, and even where liability limits are concerned with auto and other kinds of insurance.

Let's concentrate for now on buildings, homes, aka Real Property. We'll use the example near and dear to the hearts of many these days given the violent storms our country has been experiencing. And, yes (for the benefit of our Pittsburgh friends), such unfathomable storms can hit our area, as well. Let's say that a storm comes through, tears off roofs, topples over and destroys sheds, windows and siding are damaged from flying debris, or in the case of our neighbors to the west and even as close as Westmoreland County, neighborhoods are ravaged in a matter of minutes and houses that once stood are nothing more than splinters spread around. Your insurance company (if you have coverage at all) comes by and assesses your claim. Are you confident and comfortable that you have insured your property to replacement cost as required by most insurance policies? Are you aware that there is a component of your building coverage, your homeowners coverage called "coinsurance clause" which requires that property be insured to replacement cost. So, you suffer a \$50,000 loss, which isn't unrealistic these days. The actual replacement cost of your property to rebuild with like, kind and quality is \$100,000. Your property is insured for \$85,000 so, therefore, is 15% underinsured for replacement cost, which is typically the agreed upon valuation at the time of a loss. Let's work the formula...

DID \$ 85,000
SHOULD x LOSS -or- \$100,000 x \$50,000 = \$42,500
LOSS PAID **(15% Penalty)**

But, the repair bill is \$50,000, not \$42,500. How comfortable are you in knowing that the additional \$7,500 needs to come from your pocket?

It's easier, and "maybe" even less expensive to underinsure your property – until a loss occurs. We are not aware of many people who like to spend money on insurance, but most of us like the protection we expect our insurance to provide when a loss does occur.

Wonder whether your home, your business, your church is properly insured? Give us a call and we'll see what we can do to help.



The Pennsylvania Construction Workplace Misclassification Act (Act 72)

The Pennsylvania Construction Workplace Misclassification Act, which impacts both Unemployment and Workers' Compensation, went into effect on February 10, 2011. The new law provides specific requirements to determine if an individual who performs services in the construction industry for remuneration is an independent contractor. The law also provides that if the individual qualifies as an independent contractor, then the individual will not be treated as an employee for purposes of the Workers' Compensation Act.

Several insurers have advised that they will audit Workers' Compensation policies in accordance with the provisions of the new law, and at the time of the premium audit, will require, at a minimum, the following documentation from the policyholder to assist in determining if an individual worker qualifies as an independent contractor or, instead, will be treated as an employee for purposes of calculating the policyholder's workers' compensation insurance premium:

- 1) A written contract with the individual to perform such services; and
- 2) A certificate of insurance from the individual that confirms liability insurance during the term of the contract at limits of at least \$50,000.

More information about Act 72 and the penalties for its violation can be found on the Pennsylvania Department of Labor and Industry website – www.dll.state.pa.us

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