

RISK MANAGEMENT TIPS

What is the best way for a business or individual to manage their risk?



Some points to consider when creating a risk management program:

1. **Premises** → Slip and trip claims can easily go from \$10,000 to \$100,000. Look at your premises; ensure walkways are level, no tripping exposure. In the winter, ensure your business access is clear of ice and snow. If the ground is slippery, apply salt or sand. Hire a contractor (with insurance) to plow and sand your parking area and pathways. Make sure stairs/elevation changes are marked and if necessary, install railing.

If someone does fall on your premises, immediately document the situation (include photos) & complete an incident report

2. **Leases** → Review your lease agreement, what are the conditions of the lease? Often a lease will have an insurance section and an indemnity agreement which outline the liabilities of the tenant. I recommend that you review this with your insurance broker and your lawyer prior to signing.
3. **Physical Damage** → Review your premises for physical hazards which could increase your potential for a loss. Is the security adequate for the property which you own? Common loss control measures include: deadbolt locks, alarms systems, burglar bars, fencing, motion lighting, smoke detectors and sprinklers.
4. **Loss of Operation** → What would you do if your business was shut down because of a loss? Can you continue operations elsewhere? How long would it take you to get back into business? Have a risk management plan in place in the event of an unforeseen catastrophe which could shut your business down for an undetermined length of time. Enquire about insuring loss of business income, extra expenses and contingent business interruption.

Most insurance policies limit business interruption indemnity periods to 12 months however this can be increased if required to 18 months or 24 months. Make sure that you have adequate indemnity period on your insurance.

5. **Cyber Liability and Cyber Related Crime** → Hackers are attacking businesses on a regular basis. Do you have adequate system security & program backups? Can you afford to pay the Ransom? Can you afford the business interruption from the loss of computer & phone systems? Do you keep confidential client (Healthcare) or employee records on your computer? Insurance is available to respond to a Breach and Extortion.
6. **Employee Dishonesty Crime** → Unfortunately employee dishonesty crime does happen. Monitor your financial transactions and look for anomalies which could be a sign of employee theft. This type of crime can go on for years and really add up. Employee Dishonesty Crime Coverage is included in most policies for limits of typically \$5,000 however this can be easily exhausted if you are not diligent with checking your records. Note... higher employee dishonesty limits are available if required.
7. **Directors and Officers Liability** → Employment practices create a significant exposure to law suit: failure to hire, wrongful termination, disagreeable work environment, sexual harassment. It is important to follow the government regulated employment practices and document your employee file. Directors and officers of a company can also be liable to investors for misrepresentation or business conduct issues.
8. **Legal Expense** → Situations arise from the ownership of a business which can result in legal fees which are not insured i.e., contract disputes, employee disputes, tax law disputes with Canada Revenue and customer collections issues. Legal expense coverage is now available for these types of issues and starts as low as \$ 150 per year.