

Liability in a Rough Economy

An economic downturn often causes worry among business owners and their employees in virtually every industry. Even companies that escape tough times relatively unharmed could still fall into the trap of uninsured risks long term. Robison & Co Ltd has compiled these tips to keep your business prospering into the next economic cycle.

The Chain Reaction

It's no secret that the financial security of your business hinges on that of your partners and suppliers. In tough times, everyone looks for a way to cut costs.

Never rely on the insurance cover of your business partners to protect your assets or protect against third-party liability claims. In the event of supplier bankruptcy, partner organisations could eventually be liable for claims. Ultimately, in order to protect your company, it may be a smart long-term investment to expand your cover limits. Many businesses try to cut costs by lowering their cover, but you don't want to pay out of pocket for an expensive claim because of your suppliers' shortcomings. If you are involved in outsourcing or are considering this option, talk to Robison & Co Ltd about covering the associated risks.

Shaky Contracts Make for Shaky Business

In a turbulent economic climate, it's vital to have thorough, seamless contracts that clearly outline the obligation of each party and discuss dispute resolution policies. This way, if something goes wrong, you avoid a messy and expensive disagreement.

It is never a smart business decision to sign into a contract hastily, especially in a difficult economic time. Be sure to look into all the risks and legal ramifications. Small companies who partner with larger companies

are often strong-armed into making decisions they aren't comfortable with.

Be Cautious With Change

For many businesses, change is an intelligent way of reacting to an economic crisis. It allows you to explore new customer bases and offer additional products or services. While expanding in either of these ways can revolutionise your business and keep you afloat in tough times, it could also expose you to additional liability you had not dealt with before.

The financial security of your business hinges on the financial security of your partners, vendors and suppliers.

When you experiment with new products or services, you will face a learning curve, which puts you at a larger risk of facing product liability claims. Consider purchasing additional lines of cover to protect yourself, as your surplus lines insurance policy may only cover claims arising from one particular product.

Shifting or expanding your customer base may also open you up to additional liabilities. You are not changing your product or service, but you are tapping into another market that may react differently. This is another instance in which it is important to be covered for potential liabilities resulting from a change in your business. Contact Robison & Co Ltd today to be sure your plan for escaping the economic downturn unscathed does not backfire.

Provided by Robison & Co Ltd

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