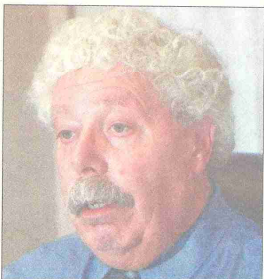


Biz owners tackle insurance ins & outs

BY TERRI HILMEY

For business owners, insurance can be a tricky game. It can be a costly part of doing business, and one that has to be managed carefully.

Underinsure and you expose your business to risk. Overinsure and



Attorney Dan Kohane, a senior member at Hurwitz & Fine PC, says for business owners, insurance comes down to managing risk.

you are potentially wasting valuable dollars. So how do you manage insurance coverage in a way that is both efficient and effective for your company?

"When you're considering insurance, you're considering risk," says Dan Kohane, senior member at Hurwitz & Fine PC and professor of insurance law at SUNY Buffalo Law School. "If the unexpected happens, what kind of risks are you willing to take? Are you willing to let your business go under? Or are you not willing to close your doors for even a single day?"

Most business owners start by looking at limits and deductibles rather than thinking about risk, he says, but the best approach is to determine the particular risks faced by their business. Examine those risks and make a decision based on all those factors.

"How often is an event really likely to happen? Has it only happened three or four times in history? Can

See INSURANCE, Page 10



J. Tim Vanini, CEO of New Dimensions Turf, says owners of niche businesses such as his must be involved in insurance decisions every step of the way. Count on a team of professionals to help, he adds.

PHOTO COURTESY OF J. TIM VANINI

10 BUFFALO LAW JOURNAL • www.lawjournalbuffalo.com

■ SPECIAL

INSURANCE: *Decide what's needed*

FROM PAGE 1

you afford to handle it, if it did? You have to think about how much you're willing to risk and then make an informed judgment about how much uncertainty you can live with," Kohane says.

Helping clients analyze risk, and determine their level of comfort is the job of a team of professionals, according to J. Tim Vanini, CEO of New Dimensions Turf. It's a research and consulting business that focuses on management and maintenance of turf, from professional sports fields to home lawns.

"Ideally, you want to have your lawyer and insurance agent in the room together, or at least on a conference call," he says. "I've got a niche business that doesn't fall into any tidy categories, and I want to be responsible. I want to know the ramifications of all these decisions before I make them."

"You have to help your clients figure out what they need," adds Ralph Vanner Jr. of Vanner Insurance Agency, "because a construction company is going to need to carry different coverage than a company that runs a small office. Customizing a plan for a business owner is complicated – you can't just buy it over the Internet, like your auto insurance."

Agents are key to translating insurance-speak for their clients and finding which products would suit them best, he says. That's part of the big picture and the overall business plan. "And sometimes the lines between personal and business can get blurred with a small-business owner – they're so involved with their business – but they've got to make sure that they keep their business and home lives adequately protected and separate," Vanner says.

The business owner's strategy should also take into account how they might shift their liability while still being protected.

"Through either contracts or agreements or insurance policies, a client can structure their business so that someone else along the line is covering some of their risks," says Kohane. "If there's something the business owner can't control as well as, for instance, their distributor, then maybe that's something that the distributor should indemnify the business owner for, and take the risk off their hands."

"It's a big part of the decision-making process for me as I grow and look at other opportunities," Vanini says. "What's the

cost of expanding into a new area of the business, insurance included? I always get the maximum coverage because I sleep better at night. But when we're talking about production, distribution and shipping, that's something that maybe I want to make sure my vendors are taking care of."

'Customizing a plan for a business owner is complicated. You can't just buy it over the Internet like your auto insurance.'

Ralph Vanner Jr.
Vanner Insurance Agency

Says Vanner: "There's always a cost to set up some sort of risk transfer, but once it's in place, it's an effective mechanism to move the liability away from you and onto someone who's far more likely to be the negligent party if something goes wrong."

Managing risk is a critical part of any business plan, and sometimes, especially in a crisis, it's the most important part.

"Litigation is extraordinarily expensive and somebody is always to blame in this society," he says. "There aren't any accidents anymore. Somebody's got to pay for it – lawyers, depositions, experts. You want your insurance company to be taking care of that for you if somebody decides to sue."

When an insurance plan is in place, each piece of which the business owner has been adequately educated about and strategically chosen, then other day-to-day business decisions become better-informed, Vanner says.

"Having an insurance professional, a good attorney and a good accountant in place helps the business owner make sure that things are all buttoned-up, to the best of everyone's capabilities, freeing him up to run the business," he says.

Terri Parsell HilmeY is a freelance writer in Clarence Center.