



Insurance Brokers

---

## ATTENTION MANITOBA GARAGE & AUTO BODY SHOP OWNERS

### **8 OUT OF 10 AUTO TRADES BUSINESSES ARE NOT INSURED PROPERLY.**

Garage and Auto Body Shop owners are setting themselves up for a major disaster.

Consider the story of James, a well-respected Business Owner. One Saturday Night, James worst nightmare occurred. An electrical fire started in his building and by the time the Fire Department had got to the scene, it was too late. The blaze was furious. Oil, grease and other chemicals, as well as some tires, had caught fire and there was no doubt in anyone's mind that there would be little salvage if any and that his Auto Body Business of 28 years had gone up in smoke. All he could do was watch.

James got a hold of his Broker, Scott, who passed the information on to the Insurance Company to start the claim. This Process James felt somewhat comfortable with as he was always cautious and knew that he had bought replacement coverage and also Business Interruption. He never cut corners on things and was usually receptive to suggestions and recommendations that his Broker provided over the years.

Unfortunately, the nightmare continued. The following was what James found out about his Insurance:

1. The Building limit on his Commercial Insurance Policy was \$840,000. To actually rebuild the same Building at today's costs was \$1,063,000. James was only 70% insured.
2. The Equipment limit on his commercial insurance policy was \$300,000. The actual replacement of the Equipment was \$246,000. So he was 100% covered. However, he learned that if the Insurer would have put this on a Blanket Form, he would have been able to put the \$43,000 extra on the Building. Had the Broker asked, the Insurer would have amended their policy at no additional premium.
3. He had thought his Employees Tools were covered under his Equipment values, but found out that there was a sub limit of \$10,000. James had some long term Employees who had accumulated a lot of Tools over the years. The actual loss was \$69,000. What would he do now?
4. The Stock limit on his Commercial Insurance Policy was \$50,000. Over the years James did not carry as much inventory as delivery was quick and pretty much had the same day service from his suppliers. The actual loss of inventory was \$32,000, so he was 100% covered. However as he learned after, the \$18,000 on the Blanket Property Form could have been applied to the building.

5. The killer was the Business Interruption. James had thought he had bought the broadest Form of Coverage, however, when he went to claim under this coverage, he found out that the Policy stopped paying after he was open for Business. As James was out of Business for 6 months, his customers had to go elsewhere. It would take some time to contact all his customers and advise them he was back in business and ready and willing to look after them once again. He found out later that there was coverage under Business Interruption that would have protected him until his sales were back to normal and up to a 1 Year Period. Those 6 months were difficult times getting his Business back to his original sales volumes. He also didn't realize that the Insurance Company had an insurance to value clause (or Co insurance clause) on his Policy and he found himself another 26% underinsured, therefore only receiving 74 cents on the dollar of Business Interruption loss. After some checking James found out that he could have purchased a Blanket Business Interruption coverage that would have covered him 100% with no penalty.

Fortunately, James had been fairly careful over the years and had paid off his loans and mortgages and built up some financial reserves. James was 52 and had planned on working on the day to day for the next 5 years and perhaps work towards retirement and either bring in a partner to eventually sell to or offer some opportunity to 2 of his key senior employees. These plans were put on hold.

When the smoke cleared, James was into the bank for \$389,000. Not a position he wanted to be in at this stage in his life.

This was a very hard lesson James learned about placing insurance with someone who was a good guy but did not specialize in the Auto Trades Industry.

Don't be a victim- like James was.

In the event of a major claim, you expect to pay a deductible and that should be it. The last thing a business owner wants to do is refinance the top end of their insurance claim after a total loss

McElhoes & Duffy Insurance Brokers have been in business since 1921 and specialize in preferred Garage and Auto Body Shop Business and have been for well over 15 years.

- We know your business and the exposures that face it.
- We offer superior coverage (***the most comprehensive in Manitoba***) and competitive rating.

Contact us to receive the following reports:

- 1) Risk Management – A Safe Business is good business
- 2) Insurance Limits – Don't refinance your Business to cover the top end of your insurance claim – only pay the deductible
- 3) What you as an Auto Trades Business Owner Can– And Must – Do to Shield Your Company from Financial Disaster and give you Peace of Mind that the Business will continue to operate & generate revenue
- 4) 8 Ways to save on your Business Insurance

If you would like us to prepare an insurance proposal for your business, please complete the form below and fax it back to us at 233-2583.

Business Name: \_\_\_\_\_

Contact: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ Province \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

Website: \_\_\_\_\_

Expiry date of policy: \_\_\_\_\_

Best time to call: \_\_\_\_\_

Please send me the following reports:

- Report 1** – Risk Management
- Report 2** – Insurance Limits
- Report 3** – What you as an Auto Trades Business Owner Can– And Must- Do to Shield Your Company from Financial Disaster.
- Report 4** – 8 Ways to save on your Business Insurance