



**CORCORAN & HAVLIN  
INSURANCE GROUP**

287 Linden Street  
Wellesley, MA 02482  
Phone: (781) 235-3100

77 North Street  
Medfield, MA 02052  
(508) 359-9909

[www.chinsurance.com](http://www.chinsurance.com)

Toll Free: (800) 304-8242  
Fax: (781) 235-7190

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# RISK ADVISOR

Winter 2009

## Corcoran & Havlin Insurance Group

- An insurance update for financial officers
- News, Views, & Current Events
- A publication of Corcoran & Havlin Insurance Group

### New Building Codes Can Leave You Under-Insured

The owner of a commercial building may believe that replacement cost insurance coverage on the building is sufficient to protect her from financial loss. After all, she took the insurance agent's advice and bought enough insurance to pay for repairing or replacing the building if it were completely destroyed. However, this may be a false sense of security, particularly if the building is an older one. While the building may not have changed greatly over the years, local building codes undoubtedly have. Even codes in effect at the time the building was constructed may affect your insurance coverage.



Many local governments have ordinances that require the demolition of a building when more than 50 percent of the building has been damaged. These ordinances require the reconstruction of the building in accordance with current building codes. Zoning and land use codes may have changed over the years prohibiting the reconstruction of that type of building at the same site. This could require the owner to rebuild somewhere else or with a much different building design. Laws and codes requiring buildings to be easily accessible to handicapped people may

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**Corcoran & Havlin** is proud to announce the recent addition of **Jim Serevitch** to our team as Commercial Lines Manager. Jim comes to us with a wealth of insurance experience that spans over thirty years in the insurance industry. Jim's career started as an underwriting manager at the Boston branch office for a national insurer, and was followed with commercial lines department management positions held at both large local and large national insurance brokerage firms also located in the greater Boston area. Jim also possesses an extensive understanding of the unique business climate of the New England regional insurance marketplace, bringing a significant value added resource to our growing Commercial Lines Department.



### Welcome to Corcoran & Havlin's Winter 2009 Newsletter!

In this edition we have provided you with some articles of interest as well as news going around our company. As always, please feel free to contact us with any questions you may have. Happy New Year!

• The Corcoran & Havlin Insurance Group has been awarded the 2008 Reader's Choice Award for Best Insurance Agency. This is the 5th time Corcoran & Havlin has been the recipient of this coveted award.



Cheryl Adams  
Jim Serevitch  
Bob Cleary  
Kathy Coppola  
Judy Cormack  
Michael Cox  
Mike Curtis  
George Doherty  
Debi Drury  
Tim Graham  
Brenda Hovey  
Carolyn Jenkins  
Jack Keefe  
Ronald Long  
Jane Loomis  
Paul McDonald  
Martha Mullin  
Mary Mullin  
Steve Nadeau  
Janice Nadeau  
Sandra Pachomski  
Megan Peterson  
Linda Ross  
Mark Sawyer  
Linda Stanley  
Rick Weden  
Jeff Whelan

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affect rebuilding if the building previously lacked ramps, doors that can be opened remotely, wheelchair-accessible toilets, and other accommodations.

All of these requirements may significantly increase the cost of rebuilding. Unfortunately, standard commercial property insurance policies provide very little coverage for these higher costs. Most will pay either 5 percent of the amount of insurance on the building or \$10,000, whichever is less, for the increased cost of construction resulting from a local ordinance or law. Therefore, the amount of insurance available for a building insured for \$150,000 is \$7,500; the amount available for a building insured for \$500,000 is \$10,000. The costs of demolition and rebuilding up to new codes or at a new location can quickly use up this relatively small amount.

Building owners should consider buying additional insurance to cover this possibility. Many insurance companies offer ordinance or law coverage for an additional premium. This coverage will pay for the additional costs of demolition and construction unless the costs result from failure to comply with previous ordinances or from the release of pollutants. Included are three distinct coverages for the specified building:

- **Coverage A** - Loss to the undamaged portion of the building

- **Coverage B** - Cost of demolishing the undamaged portion of the building
- **Coverage C** - Increased cost of construction or repairs to comply with ordinances or laws

The amount of insurance available under Coverage A equals the amount of insurance covering the entire building. Separate amounts apply to Coverages B and C. There is no coverage if the damage results from a cause that the policy excludes. For example, most policies do not cover flood damage, so the policy will not pay if the law requires the owner to demolish the building after a flood. Also, the insurance will pay only the amount necessary to meet the minimum requirements. The insurance will not pay for the cost of exceeding requirements during rebuilding.

This insurance covers the owner only for the cost of repairing or replacing the building, not for income lost during additional reconstruction time. Separate coverage is available for this exposure.

An insurance agent can advise building owners on the types, amounts, and costs of coverage they may need to meet updated codes. Whether or not they ultimately decide they need the coverage, they should give it careful consideration. The last thing any owner wants is a surprise uninsured expense after a disaster.

**Corcoran & Havlin** would like to take this time to recognize **Ellen Lawrence** from our Personal Lines Department. Ellen received The Travelers Personal Lines High Achiever Award for 2008. Ellen was not only awarded the title, but recognized as the state of Massachusetts highest achiever. Ellen enjoyed several receptions including Dinner and Entertainment at Mohegan Sun Casino! Corcoran & Havlin appreciates the hard work of our wonderful staff every day, we're proud that other people do too!



## Commonwealth Worldwide Chauffeured Transportation Awarded Hartford Insurance's Pewter Stag Award for Outstanding Safety Record

**Commonwealth Worldwide presented with Hartford Financial's highest honor for its distinguished achievement in collision control**

**BOSTON, MA – DECEMBER 3, 2008**

– Commonwealth Worldwide Chauffeured Transportation and the **Corcoran & Havlin Insurance Group** of Wellesley, are pleased to announce its receipt of The Hartford Pewter Stag Award; Hartford Financial Services' highest honor for commercial insurance lines risk management and loss control. The Pewter Stag Award was awarded to Commonwealth Worldwide in recognition of the company's distinguished achievement in collision control during its six years as a customer of the insurer.

Commonwealth Worldwide has an exemplary fleet safety program in place and has embraced The Hartford's 3D Driver Improvement Program that focuses on improving driver performance and reducing preventable collisions. Commonwealth Worldwide vehicles are equipped with Drive-Cam in-vehicle computer-linked camera systems that monitor drivers' habits and have been credited with significantly reducing vehicle damages, workers' compensation and injury costs.

"We are honored to be selected by The Hartford to receive this prestigious award," said Dawson Rutter, Founder and President of Commonwealth Worldwide Chauffeured Transportation. "Safety has always been our number one priority at Commonwealth Worldwide and partnering with The Hartford has helped us to achieve safety levels that clearly demonstrate the total commitment of our employees. By focusing on driver improvement, The Hartford offers a truly proactive approach to driver safety with the results to back it up."

### About the Corcoran & Havlin Insurance Group

The **Corcoran & Havlin** Insurance Group is a full service property-casualty insurance agency which has been headquartered in Wellesley, MA for the past 41 years. Recently ranked by Boston Business Journal as one of the Top 20 Insurance Agencies in the Boston area, Corcoran & Havlin secures protection for automobile, homeowners, business property and casualty insurance. A second

Corcoran & Havlin office is located in Medfield, Massachusetts. For more information about C&H, please call 781-235-3100 or visit [www.chinsurance.com](http://www.chinsurance.com).



*Left: George Doherty, Executive Vice President, The Corcoran & Havlin Insurance Group; Right: Dawson Rutter, President & CEO, Commonwealth Worldwide;*

Commonwealth Worldwide is the only limousine company to ever be honored with this coveted and prestigious award.

The Boston operation has reduced its number of collisions by over 60% and the New York operation by over 40%. "The Corcoran & Havlin Insurance Group congratulates Commonwealth Worldwide on receiving the Pewter Stag Award for their commitment to fleet safety," said **George Doherty**, Executive Vice President of Corcoran & Havlin. "It has been a pleasure working with their branch and corporate management led by Founder and President Dawson Rutter. Mr. Rutter has been a valued business partner with The Corcoran & Havlin Insurance Group since we began working together in 1999."



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## Top Tips to Streamline the Premium Audit Process

Are you due for a workers' compensation premium audit? Audits are how insurance rates are determined, and it's possible that an audit will uncover information that can actually save you money. In any case, it pays to be prepared. These five tips can help you get ready.

1. Let your broker know when there are changes in your staffing, payroll or areas of operation. This is important not just at audit time but all the time. Your rates are based on variable rating information, including the number of employees, job classifications, the states in which you operate, etc. Updated information results in more accurate premium assessments.
2. Get your records ready. Your auditor will need to see records such as federal and state tax returns, ledgers, checkbooks, contracts and employee or contractor tax documents. If you prepare your records in advance, you'll speed up the audit process.
3. Make sure you break out various types of compensation in your records. For example, to set your premium, your broker considers pay but not contributions to employee benefits packages and other perks, so it's important to make sure your records are clear on the various types of compensation. Also make sure overtime pay is clearly defined

since it's classified as regular pay for workers' compensation insurance purposes.

4. Ensure that contractors have their own insurance. This is important not only from an audit standpoint but from a liability prospective as well. If an uninsured contractor has an accident while performing work on your behalf, you can be held liable. If an audit identifies contractors for whom you don't have certificates of coverage, you can be charged for their premiums.
5. Remain on hand to answer questions. As your auditor reviews your material, he or she may have questions or need additional data. If you are available to provide answers, your audit will be completed more quickly.



By following these tips, you'll be more prepared for your workers' compensation premium audit. A fast, efficient audit process can save time for both you and your auditor, so it pays to be prepared.



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