



# C O M P L E T E Coverage

LANDSCAPE CONTRACTORS INSURANCE SERVICES, INC. NEWSLETTER

SPRING 2010



**CONNIE  
CARPENTER**  
*Services Manager*

## What is Your Exposure When Allowing Personal Use of Your Company Vehicle to an Employee?

**A**llowing the personal use of company-owned or leased vehicles greatly increases a company's exposure to loss and is not advised. However, if you allow this here are some questions and suggestions to think about.

Who is driving the vehicle when it is taken home with the employee?

Will a spouse or child have access to the vehicle? You should have a written policy in place outlining who is permitted to operate the vehicle and have the employee sign that they have read and understand the policy. A copy of the company's vehicle policy should be provided to any additional driver as well, and a signed receipt indicating that the driver has read and understands these policies should be included in the employee/driver personnel file. You do not want to be responsible for persons other than your employee driving your vehicles, especially children of the employee, regardless of age. If you allow a spouse to drive a company vehicle you should have a copy of the spouse's driver's license, it should be kept on file and the driver's motor vehicle record should be obtained (on an

ongoing basis) and reviewed to assure that the spouse meets the company's criteria for a qualified driver.

Where will the employee and/or spouse be driving the vehicle? Personal use may include using the vehicle to commute to and from home, to run personal errands between business activities, or to attend evening events. Will

you allow the employee to take the vehicle out of town for family trips? Again, a policy should be in place outlining your expectations and rules regarding use of the vehicle on personal time. Establish restrictions on the use of the vehicle beyond a certain radius of operation or limitations on the maximum number of miles allowed for personal use. Employees should be required to log and report any personal mileage in the company's vehicle.



A vehicle operation policy detailing allowed personal use of company vehicles, as well as requirements for

the use of restraints, obeying traffic laws and towing trailers, must be in place and applied equally to all employees. The policy should clearly state that all drivers and passengers are to be properly restrained in the vehicle (e.g., children should be restrained in approved safety seats).

All drivers should be required to promptly report any convictions for moving traffic violations or accidents involving the company's vehicle. Drivers should also be required to report any accident involving a company vehicle to the employee's supervisor or other designated company representative as soon as possible following an accident.

A copy of the vehicle registration and insurance information, as well as a preliminary accident report form, should be carried in the vehicle at all times.

***Remember, it is your vehicle and is registered to your business. You are ultimately responsible!***

LANDSCAPE CONTRACTORS  
Insurance Services, Inc.  
1835 N. Fine Ave.  
Fresno, CA 93727  
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## PRESIDENT'S MESSAGE

# Thanks for Showing Confidence in LCIS

**W**e just completed our busiest renewal period of the year and I want to thank those that renewed with LCIS and to welcome our new clients to LCIS. We appreciate your business and the confidence you have shown in LCIS. All of our staff is eager to help you with all of your insurance needs.

**KIM AYALA**  
President / CEO

We have started a new LCIS Million Dollar promotion to encourage all of you to provide us with accurate and timely renewal information so that we can provide you with a timely and most competitive quote possible on your insurance renewals. Send in the Million Dollar bill with your renewal information and we will enter you into a drawing to win a \$50.00 gift certificate. Five winners will be drawn each quarter.

In today's economy, we want to be able to get you the best quote possible from the many insurance carriers that we represent for Workers' Compensation. For our package (general liability/auto) insureds we use primarily one carrier that we have partnered with as we have developed a policy tailored to the landscaper with value added coverages and an excellent pricing model.

Please check out our new and improved website at [www.lcisinc.com](http://www.lcisinc.com)

Again, thanks for your business. – *Kim Ayala*



## MISSION STATEMENT

*“To provide quality insurance products at competitive prices, along with superior service through our commitment of excellence to our customers and employees.”*

### Happy Anniversary to the Following Employees:

#### APRIL

Sandy Mastro 4 years  
Beverly Nelson 13 years

#### MAY

Ashley Hissong 9 years  
Deanna Vietty 14 years

#### JUNE

Kim Ayala 21 years  
Jerry Elson 21 years  
Noelle Salcido 5 years  
Gil Gonzalez 6 years  
Thomas Raasch 9 years  
Carol Strum 9 years

## LCIS at 2010 LIS Show



**LCIS AND BIRCH FINANCIAL** joined forces at the 2009 Landscape Industry Show last February 3-4 in informing attendees about the insurance and financial services their companies provide. Manning the booths are Nelson Colvin, Jerry Elson, Dan Dvorak, Kim Ayala and Mike Dunn.

**HAPPY WINNERS OF VIZIO TVs** that LCIS gave away from their booth drawing at the Landscape Industry Show in February include, left to right: Roy Nakao, Mimi Lujan, Jeanne Nagao, Ken Nagao and Rick Nakao (not pictured are Robert Yanase, Martin Van Zeyl and Patti Kasai). Congratulations!



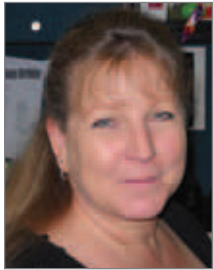
## Making a Difference! LCIS Employee Recognition Program

If one of our employees has made a positive difference by providing outstanding service and deserves recognition, please let us know. E-mail your comments to Debbie Kirby at [dkirby@lcisinc.com](mailto:dkirby@lcisinc.com), or call her at (800) 628-8735 ext. 514.

## Contact Us

Toll-Free (800) 628-8735  
President/CEO  
Kim Ayala ext. 511  
Vice President, Sales  
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LCIS Website [www.lcisinc.com](http://www.lcisinc.com)

# Employee Spotlight



## Sharmane Jones, Workers' Comp Underwriter,

started in the insurance business in 1986 opening mail and doing the filing. She began reading all the material that came in regarding insurance, and the more she learned

**"[At LCIS] we are always there for each other..."**

the more she moved up in the industry. Over the years, Sharmane has worked in the audit and collection departments until finding her place in the Workers' Comp department doing Underwriting. Sharmane started at LCIS in December 2000, and says, "I enjoy working here. It's not just a job... it's an adventure. Really, we have become like a family. I always have the help of my co-workers. We are always there for each other, which makes for a better work environment and makes our jobs easier."

## Debbie Cerkueira, Account Manager,

has been with LCIS since November 1992 and has been in the insurance industry since 1979, working for a company and also for a broker. "It is a pleasure working for an agency, and here at LCIS it is still such a pleasure after all these years," says Debbie.

"I enjoy the people and the great management staff. My most enjoyable part of my job is dealing with the insureds and agents, giving them the best possible service and helping them in any way that I can. My performance and the ability to do the best job that I can is very important to me and I take my job very seriously."

Debbie has been married for 20 years and has an 18-year-old daughter, who will be graduating from high school this June.



**"I enjoy the people and the great management staff."**



CAROL STRUM  
LCIS Bond Specialist

## Surety Bonds and How the Economy Affects the Industry

Is anyone who has not been affected in some way by the down economy? Construction was the first hit and the hardest hit. With residential construction virtually eliminated every contractor is feeling the pinch. I hear almost on a daily basis, "I have no work." I see more State Contractors License Bonds canceling every month than I've seen before. Developers filing bankruptcy created a domino effect. I have contractors who were owed \$50,000 to over \$1,000,000; it's all relative to what you can handle and still stay alive. Not getting paid means not only are you losing that income – but you still owe your suppliers and workers. Some have survived this and many have not. The current crisis is heartbreaking and we all are involved and need to be as informed as we can as to how this affects each and every one of us.

### STATE CONTRACTORS LICENSE

**BONDS:** Times have changed and we cannot live in the past. I continue to see more and more claims against these bonds and you, yes you the contractor, are liable and responsible for these claims. Every state requires that a contractor be licensed and bonded to work; otherwise you face stiff penalties.

**YOUR CREDIT REPORT IS VITAL:** Every surety has taken the same outlook to approving these bonds: they run a Credit Report. If your credit is good, you get a preferred rate; however, if not, these can get very costly. Up until now there has been one market, Surety Company of the Pacific that almost always waived the credit report. This has changed. They were purchased by HCC surety March 2, 2009, and now all companies are basing the cost of these bonds on the credit report. So be prepared the comparable rates are: preferred one-year is \$116.00, mid-range one-year is \$575.00, and high-range one-year is \$1,334.00; huge difference. If you don't qualify based on your credit report, then I have another company; however, that can run \$2,000.00 or more per year.

I've had contractors say, "I've never had a claim, so why am I being punished?" Business is business, and half of what the surety is guaranteeing is that you will pay your bills. This is a very fair way of costing these bonds. I have seen excellent contractors having a tough time and not get paid; therefore they can't pay their bills either. Be aware whenever there is a valid claim and money is paid on your behalf; you must pay the surety back. Until a claim is settled you cannot get a bond written by any surety. On the brighter side, I have managed to salvage some of these higher premiums by using another surety. It doesn't always work, but it's worth the try.

### CHANGES IN CONTRACT BONDS AND SURETY OUTLOOK (PUBLIC WORKS PROJECTS):

In the last year and a half, the markets have tightened up drastically. I have a number of markets because everyone doesn't fall into one nice qualified package. Be aware, the first thing a surety will do to qualify any bond is, they are going to run the credit report. I still have the markets available for, what I call "instant issue bonds." These are for contracts up to \$250,000.00, with quick turn-around time and standard work. In other words, you are licensed and experienced in this work – nothing unusual. They require a one-page application and a one-page General Indemnity Agreement plus a few pages from the specs. There is a quick turn-around time, 24-hours to get these approved.

**PRE-QUALIFYING FOR PUBLIC WORKS PROJECTS:** There has been a surge in having contractor's pre-qual to bid projects. I'm sure one of the reasons is, with the lack of private projects, many have turned to public work. In years past there would be three to maybe five contractors bidding a project; now you see 20 to 50 contractors competing. By limiting the bidding to only those who meet the criteria to qualify to bid eliminates many and allows those more qualified to compete (cuts the numbers down). There is good and bad to this. If you already are positioned for bonds, you get your "Letter of Bondability." However, if not,

**Not getting paid means not only are you losing that income – but you still owe your suppliers and workers. Some have survived this and many have not.**

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BETH BURNS  
Zone 24  
Landscaping, Inc.

## A Small Price to Pay

This past December, while many of us were scrambling to get everything done and all our clients taken care of before the holiday, an accident befell an employee of a fellow CLCA member. The untimely death of a worker on a job, in a very exclusive gated community that several of us work in, was the result of that accident.

How sad I felt for the employee's family and children when I heard the news. He was a seasoned worker in the business, had worked at many of our local companies and was known by many, including a few of my employees. I sat back and thought about what it would be like, as an employer, to deal with this? My first thoughts were...insurance company and coverage. Would the insurance I carry be substantial for the family since one should NEVER put a price tag on life or a human being?

I immediately picked up the phone and called my LCIS guy, barraging him with all my questions that were taking over my brain. At the end of the conversation, I realized that I did not have additional coverage for Accidental Death.

Of course, my Workers' Comp provides for reasonable burial expenses, up to a maximum set by law, when a worker is fatally injured on the job. Additionally, qualified surviving dependents may receive support. However, carrying a separate policy of Accidental Death and Dismemberment, which in my case is such a minimal additional cost, would give the family of the deceased so much more. Without having this separate policy, offered to me at the time of my Workers' Comp renewal, I would have never known of its existence. There is also Repatriation Coverage, which provides up to \$10k to send the mortal remains back to the home country. So, what this all really means is, the family would receive so much more than if I never had the coverage.

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**Would the insurance I carry be substantial for the family since one should NEVER put a price tag on life or a human being?**

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For most of you who know me, and know how my employees and their families mean so much to me, you know that I immediately purchased this separate coverage. Maybe it's time for you to check out your policy, and the coverage it provides you and your employees.

In the end, my heart goes out to the family of the gentleman who died, and the crew who stayed with his body all day, on the beautiful Palos Verdes Peninsula on that cool day in December.

### Don't Be a Lagger

## Make It Your Goal in 2010 to Improve Your Lag-Time Report

In our April 2008 newsletter, our article "Timely Reporting is Good for You" reported a national study that concluded the cost of a claim's settlement value increases 18% when the claim is reported two weeks late, and up to 45% reported after 30 days. Our own study of LCIS customers' lag-time reports at that time concluded that nearly half of your claims were reported late, a high number of those reported after 30 days. Lag-time reports received for 2010 year-to-date confirm we aren't doing much better!

### **It's the Law!**

California law requires employers to report to their insurance carrier, within five days of knowledge, every occupational injury or illness that results in lost time beyond the date of the incident or requires medical treatment beyond first aid. Do not delay reporting the claim waiting for the employee to return the Employee Claim Form (DWC-1) or to receive a physician's medical report. **Delays can be costly!**

If you need assistance reporting a claim, contact Judi Smith, your Workers' Compensation claims consultant at LCIS by calling 559-564-2919 or toll free 800-628-8735.

## Surety Bonds *continued from Page 3*

you may not get it. Even though these letters do not commit the surety to providing a bond, they take this seriously. Many public entities are using these letters or require a bid bond (we don't charge for bid bonds, only final bonds) and waive any final bond. Thus the surety and I have time and money invested, and the surety is at risk without any possibility of making any money. With the government, the state, and cities having deficit money to spend, this eliminates the cost of the bonds. This may sound alright to you, but remember they are spending our money and are self-insuring these projects.

**SBA ROLE IN CONTRACT BONDS:** The SBA has stimulus money and has also increased their limits. They were originally maxed at \$2 million for bonds, then increased to \$3 million, and now they are at \$10 million. This is unbelievable and with many contractors suffering financially, this can be a blessing and a good way to get bonded. This requires more work on everyone's part, but if it helps get a contractor bonded it is worth the added work. I've used this program in lieu of posting collateral where the risk was too high to qualify any other way.

I've heard comments like, "The surety is gouging us contractors." That's not true. All insurance companies must be filed with the State Insurance Commissioner and base their premium costs on definite criteria, i.e., credit report scores. The insurance companies get audited and if they did anything outside of the boundaries, there are heavy fines.

There are many choices for bonds and my job is to help get you the best company at the best price. Remember, if I can help with a bond or if you have questions, just give me a call (800) 917-6500.