

REDUCING RISKS TO YOUR BUSINESS



Many business owners are accustomed to taking risks in order to grow their businesses. While there are some forms of risk against which little protection is available, threats to your business can be greatly minimized by identifying potential liability issues, taking action to correct these issues, and finding ways to protect your business should such circumstances come to pass.

The cornerstone of any risk management strategy is having adequate insurance coverage. However, obtaining liability insurance, especially for certain types of risks, is becoming increasingly difficult and expensive. Taking steps to reduce potential risks is particularly important in areas where insurance coverage is unavailable or inadequate.

For businesses in labor industries, one of the biggest areas of risk exposure is related to worker safety. Despite receiving workers' compensation, workers who injure themselves may be entitled to sue their employers for damages. To reduce the chances that a personal injury lawsuit will be successful, be sure to comply with the procedures mandated by the Occupational Safety and Health Administration (OSHA). Any violation of OSHA guidelines that can be proven in court will greatly increase the chances of a large compensation award. To minimize the risk of an injury occurring in the first place, require workers to attend accident prevention training, and require supervisors to take disciplinary action against workers who exhibit unsafe behaviors.

In addition to ensuring that employees are trained in safety issues, consider providing workers with continuing education on workplace procedures. Mistakes made in the course of projects are often due to lack of knowledge on the part of workers. Even experienced workers may need instruction when they are asked to use new materials or apply unfamiliar methods. Providing workers with specialized instruction in problematic areas can be especially useful in reducing risk.

Whenever possible, draw up contracts that minimize your professional exposure to liability. For example, warranties on completed work should have time limits, and should explain what types of work are, and are not, under warranty. Pay particular attention to avoiding problems related to items that are covered under warranty. Consider, too, the risks posed by using lower quality materials. If the materials are sub-standard or are likely to lead to defect claims, the cheaper option could prove to be more costly in the long run.

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