

# Aon O&P Insurance Program

A Risk Management Resource for the Orthotics & Prosthetics Business Owner



## Know Thy Neighbor; and other valuable lessons from a severe fire loss

In this case, Company A was a prosthesis fabricator serving numerous clients. Company A was one of 20 other businesses who leased space in a three-story converted textile mill. Though rehabilitated, the building was over 100 years old.

During a summer night in 2008, a 10-alarm fire started at the far end of the building. Rapidly spreading, the fire finally destroyed 80% of the entire structure including the entire space leased to Company A.

Company A only leased the building area so they did not suffer a loss of “bricks and mortar”. However, Company A owned other business property located in the facility including office furniture, office equipment, manufacturing equipment and an inventory of fabricated products. The total loss for this property was \$400,000. But Company A’s loss was not limited to just tangible property.

As a result of the fire Company A was required to relocate to a new building. Real estate leases in the area at the time were expensive as demand for such space had increased significantly since the time Company A first moved into the area. Consequently, Company A faced much higher lease rates to secure a new facility after the fire. Securing replacement equipment took more time than expected, delaying full restoration of normal business activities all resulting in loss of profit. At \$300,000 the cost of the intangible business elements including moving expenses, additional lease costs, and the loss of profit was nearly the same amount as the loss of the tangible business property.

Unfortunately, Company A had purchased limits lower than the replacement cost of the business property. Similarly the loss of business income and the extra expense incurred to restore and operate the business were also more than the limits purchased by Company A.

### Risk Management Lesson

As is the case with most large fire losses, all of the above damages could have been avoided. In this case it was determined that the fire was caused by a tenant using highly flammable materials in their production. Further, the sprinkler system in the building was not working at the time of the loss. Had the automatic sprinkler system gone off, the fire would have been extinguished at its source.

The question of responsibility and fault is nearly irrelevant. It has been determined that a building co-tenant was responsible for the fire ignition within their facility. It has also been determined that the Landlord was responsible for maintenance of the sprinkler system and failure to have it operational at the time of the loss clearly exacerbated the damages.

There are valuable lessons to be learned by this case. First, it is “buyer beware” when it comes to leasing space for business operations. Operating in rehabilitated premises requires stringent investigation of construction as well as building and mechanical updates prior to the signing of the lease. In addition the responsibility for over-all maintenance must be established including the monitoring of loss prevention systems (sprinklers).

Second, asking about other tenants is vital. In most instances knowing the types of operations of other tenants will say a lot about the fire hazard they pose to the entire building. Are operations with hazardous materials allowed?

Lastly, consult with your insurance representative regarding proper limits on your policy for the property kept on the premises. Also ask your insurance representative about adequate limits for Business Income, as loss of profit can sometimes be a larger than the destruction of tangible business property.

# Who we are

Aon is the insurance leader for the O&P industry. Whether you're a patient care facility, manufacturer, distributor, or supplier, the Aon O&P insurance program can meet each of your unique needs with:

## Representatives that understand the O&P business

Aon's dedicated sales and service team specializes in the O&P industry and understands your business. They take the time to carefully learn your operations, then provide you with a professional liability program that meets your individual needs.

## State-of-the-art insurance programs

By working directly with leading carriers, you are ensured the best coverage solution for you at the most reasonable cost. These insurance companies must demonstrate financial stability, a commitment to responsive coverage, competitive pricing and exemplary claims management: crucial

ingredients to an insurance carrier with the stability to protect clients now and in the future.

## Fast, responsive claims service

The true test of any insurance program is how it responds when you have a claim. The experienced claims representatives understand how devastating a lawsuit or an accident can be, and they react quickly and compassionately when you need them most.

## One-stop shopping for all of your insurance needs

As the world's largest insurance broker, Aon can help you protect your entire business from your vehicles to your equipment, buildings, workers' compensation, and surety bond coverage. When you package together your entire commercial insurance program you could gain significant savings.



## Product Information

The Aon O&P insurance program strives to provide you with the best insurance solutions and service. Consider these features - does your current carrier measure up?

- A customized insurance package tailored to your specific needs, including property, liability, auto, umbrella and workers' compensation coverages\*.
- Protects you and your employees from lawsuits while at your place of business and when visiting a patient away from your office.
- Separate limits for your product and professional liability coverages (please note: if you provide direct patient care or render healthcare advice in person or online, you need to consider professional liability coverage to protect you from lawsuits.)
- Property protection for your equipment, inventory, stock, machinery, vehicles and any improvements made to your premises.
- Available additional property enhancements include: business income and extra expense, equipment breakdown, personal effects, valuable property, accounts receivable, hardware, software and data, and tenants improvement.



- Primary liability limits at \$1,000,000 per occurrence with a \$2,000,000 aggregate and an optional \$1,000,000 per occurrence with a \$3,000,000 aggregate.
- Umbrella limits up to \$10,000,000.
- Option to pay your premium in installments with small billing fee.
- Access to the proprietary PureSafety risk management program that can save you 10% on your premium.
- A dedicated sales and service team with over 100 years combined history (servicing the O&P industry).
- In-house rating and underwriting for fast turnaround and expert understanding of your unique risks.
- Relationships with financially secure rated carriers.
- One phone number to call for all of your business needs

\*Available in most states.

## How do I get a quote?

You have three options for requesting a quote:

- Submit your quote online
- Download a pdf of the Request for Quote form and mail or fax it us.
- You can call our toll-free number and speak directly to an Account Consultant who will take the necessary information from you over the telephone.

Most of our quotes can be provided to you within 24 to 48 hours.

We'll review your current insurance program, analyze your needs, and offer recommendations to help you manage your risk.