

Vicarious liability is a legal term that describes a situation where you or your business becomes liable for the actions of another because of a special relationship that you have with this other person or company. For instance, if you hire a subcontractor to work on your job site and you don't know that this person has a drinking problem and they get drunk on the job and injure another worker, you could be held responsible for the injuries. There are many possible ways that vicarious liability can impact you or your business and it's very important that you take the time to study these exposures with an eye to how you can reduce potential losses and how you can use various business insurance policies to protect your company.

One of the most often overlooked types of vicarious liability for employers comes from actions of their own employees and managers with each other. If one of your managers is harassing an employee with sexual innuendos and remarks, then you and your company can be sued for sexual harassment. The insurance policy that you need to help protect you from this type of loss is called Employment Practices Liability Insurance. Very few businesses understand this policy and even fewer have taken the care to purchase one.

Another common form of vicarious liability stems from the use of vehicles that you don't own. If you send your receptionist to the bank and post office to take the daily deposit and pick up the company mail, then you have a vicarious liability exposure from this activity. If your receptionist runs a red light and kills someone, her insurance may not be enough to pay this claim. In that case, your company is probably next in line to pay for the injuries and damages. If you knew that your receptionist had a drinking problem and she was drunk during this accident, it's even possible that you might move up to the front of the line in terms of liability. To protect yourself from this type of vicarious liability, you should add non owned auto liability coverage to your business auto policy or to your businessowners insurance policy.

Businesses in industries that require the use or hiring of security guards or security firms face huge vicarious liability exposure should those security personnel use excessive force in protecting people or property. If the guard has any history of physical abuse then the employer is at even greater risk as it is the employer's duty to discover these kinds of past behavior with background checks and other care.

If your company handles any personal identity information for your clients, then you must carefully consider those employees who handle the information as well as those who might be able to get their hands on it. If you hire a temporary worker during a busy time or a holiday season, then your vicarious liability risks will increase during that time. You should protect

yourself by performing the appropriate background checks on the temporary worker before they enter your office environment.

It's clear that vicarious liability handcuffs you legally to others with whom you have special business relationships. That connection may not feel so special if you are being dragged into court because of that person or that firm's actions. Protect yourself on the front end by learning all that you can about a person or company who may bring vicarious liability into your sphere. Also make sure that you have run through the risk scenarios with your insurance agent to make sure that you have the protection that you need and want from your insurance policies.

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