



# CALEB

INSURANCE GROUP

## LIABILITY COVERAGE

### **LIABILITY COVERAGE IN ECONOMIC DOWNTURNS**

An economic downturn can be a turbulent time for businesses in every sector, worldwide. Sinking revenues and economic uncertainty can exacerbate the frequency of lawsuits in an already litigious society, and even companies that successfully weather economic downturns relatively unscathed can still face long-term risks.

Here are so tips to effectively manage your company's exposures as it adapts to the current business climate and moves smoothly into the next economic cycle.

### **SUPPLY CHAIN DEPENDENCY**

Cutting costs is a necessity, however, it is important to remember that the financial security of your business can hinge on that of your partners, vendors and suppliers. Do not rely on the insurance coverage of your business partners to protect your assets or protect against third-party liability claims. In order to protect your company, it is a wise long-term investment to expand your coverage limits.

While it may be tempting to cut costs by limiting coverage, this decision could expose you to severe liabilities due to your supplier's shortcomings.

### **RELPLY ON SOLID CONTRACTS**

In times of economic change, it is more important than ever to ensure your protection through thorough, seamless contracts. It is never a good business decision to sign a contract hastily, but especially in difficult economic times, be sure to explore all risks and legal ramifications.

### **CHANGE TO SURVIVE**

For many businesses, change is an intelligent way of reacting to an economic crisis. It allows you to explore new customer bases and offer additional products or services. While expanding in either of these ways can revolutionize your business and keep you afloat in tough times, it could also expose you to additional liability you had not dealt with before. When you begin to step into new lines of products or services, you will inevitably face a learning curve, which puts you at a larger risk of facing product liability claims. You may want to consider purchasing additional lines of coverage to protect yourself, as your surplus lines insurance policy may only cover claims arising from one particular product.

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