



APPAREL INSURANCE NEWS

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Insurance claims we've seen:

- Famous celebrity's photograph used without permission in a billboard ad, \$10mm lawsuit results.
- Vehicle crashes into storefront, damaging the property and injuring customers. The vehicle's driver has no insurance. Q: Who's responsible?

Workers Comp rates set to increase in January 2009

With medical inflation on the rise and a full year with no change in California workers' compensation pure premium rate, the Workers' Compensation Insurance Rating Bureau of California recommended a 16% overall average increase to pure premium rates. It is for new and renewing policies as of Jan. 1, 2009. Fortunately, the CA Department of Insurance approved a more modest 5% increase. Even with this increase, premium rates are at about a 65% cumulative decrease from the high point to CA rate reforms of 2004.

ELECTRONICS FILLED BIG RIG HIJACKED WHAT YOU CAN DO TO PREVENT CARGO THEFT

On August 14, 2008, the driver of a Freightliner trailer rig was on the Del Amo Blvd. onramp of the 710 when he was forced to stop because of a stalled vehicle in his path. After stopping, three men approached, ordered the driver out of the vehicle at gunpoint, and drove off in the big rig loaded with electronics.

Cargo theft is estimated to cost the U.S. \$20-\$30 billion a year, according to the Federal Bureau of Investigation. And the true measure may be much higher since cargo theft is not always reported, and when reported, not often classified in the same manner. Adding to the known costs are the indirect costs of cargo theft such as lost sales, production down time, missed deliveries, and increased insurance premiums.

Because of the relative ease of hijacking and lenient punishments, cargo theft continues to be a growing problem. High fashion, high value apparel, high tech electronics, and other high end consumer goods are all attractive targets.

To fight this growing problem, cargo theft task forces made up of local law enforcement, and FBI agents operate in several major cities. Investigations are aimed at toppling entire crime operations, many with sophisticated operations.

Observers agree that cargo theft is preventable. Companies that improve their own security measures make better insurance risks and tend to pay lower premiums. An effective cargo security program involves a few key elements:

1. Have as many "non stop" or door to door shipments as possible. The old saying that "cargo at rest is cargo at risk" has never been more true.
2. Avoid using "steal me" packaging or give away labeling which only helps thieves identify valuables.
3. Report and respond to all suspicious activity and/or theft to management and law enforcement.
4. Keep trucks locked and parked in an organized manner on a well lit lot.

Ensure alarms are functioning properly. Use teams of drivers, one driver to remain with the truck.

5. Screen and Train employees as to their role in the security system, how to report security incidents, and how to recognize security threats.
6. Know your supply chain. Know the people handling the cargo. Select reputable carriers, that verify employee background data. Avoid carriers that subcontract the transit of your goods without obtaining your prior approval.
7. Plan your shipment departures to arrive at destination during normal working hours, and require documented accountability. If practical, prohibit consolidating your goods with that of other shippers, opt for "exclusive use" conveyances when possible.
8. Be involved. There are several organizations that can help you combat cargo theft: www.cargosecurity.com/nsc www.tapaonline.org www.asisonline.org www.uscustoms.gov

PROTECTING YOUR BUSINESS INCOME

It's 2:00am, Monday morning and your phone rings...half asleep you stammer.."what? the building is 'on fire'...? Reality sets in, because now you have a real problem. Your Fire insurance carrier will probably pay for the fire damage, but what about your continuing expenses, and loss of income? Will your Customers

come back to you? Will your Bank continue loaning money to you? Will your Suppliers shut off your credit and only accept cash? Will your most important Employees stay with you? And will your Family be OK if your fire insurance does not help with your living expenses, and your income?

Unfortunately, surveys confirm

that 43% of businesses never reopen after a loss, and 85% of businesses are underinsured by at least 50% when it comes to protecting their business income.

Don't become a statistic! Call us today about coverage for your Business Income & Extra Expense.

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Complete coverage for a complex world

Founded in 1934, C.M. Meiers Company, Inc. is one of the oldest insurance brokerages in California. We are a firm that is purposefully large enough to handle all lines of insurance, yet close enough to our clients to deliver a highly personalized service experience.

For Apparel companies, this means the convenience of placing every type of garment related insurance coverage with one office and the satisfaction of having one dedicated and knowledgeable Account Manager who will personally serve your organization. The apparel division of C.M. Meiers Company was enhanced in 1992 by Bill Kulchin, and today serves over 100 apparel manufacturers and distributors.

LEGAL ISSUES: Mattel and MGA continue their battle over legal rights to "Bratz" dolls. And, when inspiration becomes imitation...

A federal jury found that a Mattel designer Carter Bryant created the Bratz doll concept while he worked at Mattel under an exclusivity contract. This was a scathing defeat for MGA Entertainment, which introduced the dolls—known for bare-midriff outfits, big heads and pouty lips—in 2001.

The jury found that Van Nuys, CA based MGA aided in the designer's breach of the Mattel contract. The decision opens the door for Mattel to claim damages or even ownership in the \$500mm–\$2bb annual sales of the doll. Potentially this is a \$1 billion problem or more for MGA, who continues their ongoing fight with Mattel.

Apparel companies face similar woes if designers knowingly, or unknowingly, copy existing designs, concepts, or styles. Contrary to popular belief, many designs are legally registered by their owners. Ask any jeans maker who has bumped up against trademark No. 1,139,254, Levi's now famous drawing of a seagull in flight that adorns the back pocket of their jeans. Lacoste has their alligator. Polo Ralph Lauren fiercely defends their polo player, and Nike lawyers will teach you never to copy its famous swoosh.

Why are these lawsuits so popular? It's because the

single most important asset your business has, is intellectual property; it can be the make it or break it source of revenue for you; and we as Americans believe that stealing is wrong, and our courts will protect us in our ownership rights, when they are properly documented and registered.

According to Intellectual Property expert Jim Shepperd of IPISC in Louisville, KY, the standard General Liability policy simply cannot protect you for I.P. offenses, due to the standard exclusions in the policy. The only insurance program that can work is an I.P. Liability policy specifically written, and researched for your business.

MARKET PULSE

Intellectual Property Liability insurance—Infringement defense coverage is available to pay legal expenses to defend against charges of infringement by a company that makes, uses, and/or sells a product, or, uses a word or mark in the marketplace.

This insurance will

- 1) Provide the money and expertise for a powerful legal defense,
- 2) Enables you to mitigate the risk of unexpected infringement lawsuits,
- 3) Relieves the pressure to settle a winning lawsuit, because you may lack the financial resources to continue defending.

Minimum premiums start as low as \$10,000., with minimum deductibles of \$25,000. With experts from Intellectual Property Insur-

ance Services Corporation in Louisville, KY, we will create a carefully researched plan of coverage, to help you defend your most important asset.

Apparel companies we serve benefit by many forms of insurance.

Are you covered?

Workers' Compensation
Stock Inventory
General Liability
Employment
Practices Liability
Employee Benefits
Personal Insurance
Intellectual Property
Trade Credit / Receivables
Equipment Breakdown
Employee Theft
Earthquake & Flood

Here are just a few of our proud associations, and carrier relationships to serve you.

Travelers
Hartford
Golden Eagle—Liberty Mutual
Allied—Nationwide
Lloyds of London
Safeco
ACE
CIBA
Chubb
One Beacon
Berkshire Hathaway
Cypress
Employers Comp Insurance Co.
Republic Indemnity
Praetorian Specialty
Everest National
Zenith
State Compensation Fund