

# E\*NEWS

## Important aspects of insurance and loss prevention for business owners & managers

November 2007 - Vol 27, Issue 7

### In This Issue

Building Valuation  
Beware - Increased Liability Risks

### Sign Up



### Quick Links

- Dan Lawrie Insurance Brokers Ltd.
- Insurance Brokers Association Of Ontario
- Registered Insurance Brokers Organization

### Dan Lawrie Insurance Celebrates 25 Years!



After 25 years of dedication to the community and outstanding service to their clients, Dan Lawrie Insurance Brokers Ltd. has become one of the largest and fastest growing insurance organizations in Southern Ontario. The Company credits it's success to their team and the Company's strong core values.

To commemorate this milestone Dan Lawrie made a personal donation of \$125,000 to Mohawk's plan to create a new concourse for their Insurance and Financial Services Department. The Company also donated \$12,500 for a bursary for Mohawk. Dan Lawrie also announced that the Company will be launching a new website December 15, 007 to make it even easier for clients to get quick, competitive quotes for all of their insurance needs and access important information.

By adhering to our core values and putting people first, our clients, our community and our team, Dan Lawrie Insurance Brokers Ltd. is The Name You Can Trust for Insurance.

### Building Valuation



### [SHOULD YOU HAVE HIGHER LIMITS OF INSURANCE ON YOUR BUILDINGS](#)

**Commercial Construction Cost Update as reported by Marshall Swift Boeckh.**

MSB Continually researches labour, material, and equipment costs plus mark-ups, taxes, and fringes for reconstruction work performed for the insurance industry of Canada. Over 70 research professionals, the largest force in the industry, monitor data from areas in Canada. The process includes monitoring activity, demographics and econometrics, code variations, localization requirements, and emerging markets, as well as:

- Wage rates for more than 85 trades, both union and non-union
- Over 20,000 materials, 70,000 components, and 20,000 construction assemblies used in building
- Productivity rates and crew sizes
- Local cost concerns such as building code requirements and other variables

In addition, we validate all cost data by analyzing the thousands of field inspections, phone surveys, and claims files we receive and process.

**Commercial Construction Cost Update**  
**Key Cost Trends this Quarter**  
**Canada**

The average wage rate increased by 0.7% for the quarter and 3.0% for the year. The average material cost decreased by 1.4% for the quarter and 0.6% for the year and is primarily attributable to decreases in lumber and plywood which offset the increases in other materials.

*Lumber* - prices decreased by 3.4% for the quarter and 15.1% for the year.  
*Plywood* - prices decreased by 0.2% for the quarter and 8.4% for the year.  
*Drywall* - increased by .03% for the quarter and 2.2% for the year.  
*Asphalt Shingles* - increased by 1.7% for the quarter and 7.5% for the year.  
*Ready Mix* - increased by 1.8% for the quarter and 14.9% for the year.  
*Copper Pipe* - increased by 1.7% for the quarter and 55.1% for the year.  
*Copper Wire* - increased by 1.2% for the quarter and 53.2% for the year.  
*PVC Pipe* - prices increased by 1.0% for the quarter and 7.1% for the year.  
*Structural Steel* - increased by 2.0% for the quarter and by 12.3% for the year.  
*Steel Studs* - decreased by 1.0% for the quarter and increased 1.5% for the year.  
*Reinforcing Bars* - increased by 1.6% for the quarter and 3.2% for the year.  
*Steel Deck* - increased by 2.1% for the quarter and 8.5% for the year.

The inflation increase on buildings will be approximately 6% for 2008. Industry Statistics indicate that in over 40% of fire losses, a Co-insurance penalty was applied by the insurance company when settling the loss. This means that the policy holder carried insufficient limits and was required to pay a portion of the loss themselves. This can equate to thousands of dollars.

**We have established a *NEW PARTNERSHIP* with one of the largest and most experienced companies that provide Insurance Value Appraisal Services. This is an Exclusive Opportunity extended to our most Valued Clients. The very best way to establish an accurate insurance to value limit is to have an Insurance Appraisal from a professional company that provides this service.**

**We are very pleased to introduce a new value added service of great benefit to you. The CGI is an international company that understands the intricacies**

of real estate rebuilding costs.

**To learn more about this valuable service, please contact  
DAN LAWRIE INSURANCE BROKERS LTD.  
TODAY**

**(905) 525-7259 / 1-800-661-1518**

Beware - Increased Liability Risks



**BEWARE - Increased Liability Risks Abound with Global Exposures!**

Most business people are aware of the Menu Foods Inc. story - a devastating situation, resulting from the concealed business practices of two suppliers in China. The recall of more than 60 million cans and pouches of dog and cat food in North America will cost the company an estimated \$45 million plus the likely drop in future sales. The stock price has lost more than 50% of its value. Still outstanding are U.S. and Canadian class actions seeking more than \$100 million in damages.

China has become a major trading nation upon which most of the world relies to some extent, but we are learning that manufacturing standards in Asia vary considerably. While some manufacturers are the best in class, others fall far short of an adequate quality standard.

- *Goods from Asia are competitively priced, but of mixed quality.*
- *Some manufacturers have poor quality control.*
- *Some copy or counterfeit brand name goods.*
- *Some even counterfeit safety stamps such as CSA or ULC labels.*

All of the 24 products recalled in the U.S. this year were manufactured in China. Internationally, China is responsible for approximately 60% of product recalls. According to *The New York Times*, China was the source of 81% of all counterfeit goods seized by customs officials at ports of entry in the U.S. last year.

Be aware that domestic consumers won't look to an Asian supplier for a remedy if there is a local distributor to take the fall. It's the importer whose business reputation is at risk and who will be held responsible, whether the goods are imported for resale or incorporated into a product assembled here.

The Menu Foods saga illustrates that the failure of even a small ingredient can have staggering consequences. Poor-quality goods or ingredients may result in higher product failure and consequent risks, including:

- *Damage to brand and/or loss of business reputation*
- *Loss of key customers*
- *Product recall costs, often profoundly underinsured*
- *Loss of profits and risk of shareholder or customer litigation*
- *Risk of harm to customers and resultant product liability lawsuits*
- *Reduced ability to refinance*



**Washington (Reuters) - Consumers have been warned to avoid any toothpaste made in China after inspectors found a poisonous chemical in toothpaste seized at the**

**border and sold at two stores, U.S. health officials said.**

**Canadian importers who then sell products to the U.S. should be aware that they face particular challenges with U.S. consumers. Bodily injury litigation in the U.S. is notoriously unpredictable, and damages can be very large. The U.S. presents an elevated exposure to class action lawsuits and punitive damage awards.**

**Under NAFTA results, Canadian courts must honour U.S. judgements and enforce them. Product liability insurance in most of Asia, if it exists, will likely not respond to lawsuits in North America.**

***It's time to raise due diligence for importers - These persistent stories have been a wake-up call to companies relying on imported goods. This fresh awareness is likely to translate into higher costs for:***

- More frequent and more detailed domestic quality control.
- Quality control at the manufacturing location - it may make sense to arrange independent inspection of a product for quality assurance purposes before it is packaged or shipped, specially if goods are shipped directly to retailers or others and the importer will have no further opportunity for quality assurance inspection.
- Regular and/or continuous inspections of manufacturing locations.
- Assurance that suppliers have their own internal checks and balances to ensure that manufacturing standards are kept.
- Pre and post delivery inspections.
- Strict contractual language, including evidence of product liability insurance.

**Self-monitoring is our biggest asset in protecting ourselves. It is evident government agencies, customs agents, foreign officials or foreign insurers aren't sufficient to protect our interests.**



**Health Canada has recalled some children's pencils made in China because of the high lead coating, adding new items to the growing list of recalls over concerns about lead paint on made-in-China children products.**

***Insurers anxiously watching litigation trend* - Insurers are rightly alarmed by the press coverage of these occurrences and are waiting anxiously to see whether product liability litigation spikes upward.**

**Insurers are realizing that imported goods may not have been adequately rated in the past. Historically, Canadian importers have enjoyed heavily discounted premium rates, on the assumption that in the event of a claim, the manufacturer's insurer would take the bulk of the load.**

**As always, to avoid unpleasant surprises, it is important to work with a professional in this area.**

**For more specific information on how best to mitigate and manage the liability risks associated with importing.**

## Contact

## DAN LAWRIE INSURANCE BROKERS LTD.

AT

(905) 525-7259 / 1- 800-661-1518

### ***HOW CAN WE HELP YOU TODAY?***

Sincerely,

Dan Lawrie Insurance Brokers Ltd

email [lrobertson@danlawrie.com](mailto:lrobertson@danlawrie.com)

web: <http://www.danlawrie.com>

[Forward email](#)

✉ **SafeUnsubscribe**®

This email was sent to lrobertson@danlawrie.com by [lrobertson@danlawrie.com](mailto:lrobertson@danlawrie.com).  
[Update Profile/Email Address](#) | Instant removal with [SafeUnsubscribe](#)™ | [Privacy Policy](#).

Email Marketing by



Dan Lawrie Insurance Brokers Ltd | 105 Main Street, East, 14th Flr. | Hamilton | Ontario | L8N 1G6 | Canada