

LEGAL ISSUES FOR BUSINESS

How do I best insulate myself and my company against tort litigation?

In an age of online creation of LLCs and online purchase of insurance, it can perhaps be too easy to get a new business off the ground without adequate thought being given to protecting the business, its personnel and assets in the face of various types of legal challenges. The cost, emotional investment and inefficiencies visited upon your business in dealing with a lawsuit will be exponentially worse if proper and available safeguards are not in place from the outset.



Choosing the proper form of entity and fulfilling necessary tasks associated with the ongoing validity of the organization may prove to be crucial. Are documents in place that will aid in defending against efforts to pierce the corporate veil? Are the right personnel insured? Do the entity's documents provide for the defense of officers, directors or employees at company expense? Does applicable law require workers' compensation insurance? How is the limit of liability in the employers' liability policy affected by the nature of a given claim or claims? What does the commercial general liability policy actually cover?

The day you receive a demand letter or get served with a summons and petition it may be too late in the process to secure, much less enhance, the ability of your business to defend itself. It is better to approach these issues prospectively in cool reflection and not when you are in the hot cauldron of litigation where you may find yourself at odds not only with the claimant, but your own insurance carriers as well. Have an experienced and skilled attorney give your business a "wellness checkup" before you need to make a trip to the legal equivalent of the emergency room.



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