

MANUFACTURING INSIGHTS

HENDERSON
INSURANCE

NAVACORD®

Business Risks in Tough Economic Times

Without a thorough evaluation of its business model, any manufacturer can be severely threatened by tough economic times.

While devising creative solutions to keep your business running despite unfavourable economic conditions, keep in mind that changes to your business can result in new exposures.

SUPPLY CHAIN RISKS

The financial security of your business hinges on that of your partners, vendors and suppliers. Should a supplier or partner suffer financial hardship or insolvency, your business' sales, revenue and reputation may be affected. Therefore, it's critical to consider ways to monitor and protect against the risk of supply chain vulnerabilities. It's also important to avoid relying on the insurance

coverage of any business partners to protect your assets or against third-party liability claims. Well-insured partner organizations are no substitute for comprehensive liability coverage for your business, particularly in tough times.

VERIFY CONTRACTS

In a turbulent economic climate, it's more important than ever to have thorough, seamless contracts. They should clearly outline the obligation of each party and discuss dispute resolution policies. That way, if something goes wrong, you can avoid a messy and expensive disagreement. When reviewing contracts, scrutinize potential risks and legal ramifications.

MAKING CHANGES

In many cases, change is the best way of reacting to tough economic times. It allows you to explore and exploit new customer bases and offer additional products or services. While expanding in either of these ways can revolutionize your business and keep you afloat, it could also expose you to additional liability. Specifically, if your business experiments with new products or services, consider purchasing additional lines of coverage to protect yourself, as your surplus lines insurance policy may only cover claims arising from one particular product.

By the same token, shifting or expanding your client base may put you at risk of unexpected class action lawsuits. The same product or service may evoke disparate reactions in different sectors of the market. This is another instance in which it's important to be covered for potential liabilities resulting from a change in your business.

If you have questions specific to your business, or would like additional information, please reach out to your Henderson Advisor.

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**LET US HELP YOU
MANAGE YOUR RISK**

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