

The Flukes of Hazard: Protecting Your Business and Customers from Parking Lot Liability

By Jon Baggett

Most of us can remember having said it, or at least hearing it when we were kids; “Step on a crack and break your mother’s back”. I can imagine the words might have first rang in the ears of a youngster spoken by Mom in an attempt to find a creative way of ensuring that he or she not trip and fall. Personally, I don’t remember ever believing that a misstep would break my mother’s back, but I can tell you that I took every opportunity to hop over them when riding my skateboard, bike, or even walking in a parking lot. Sometimes the greatest lessons in life we learn as children.

It is no secret that asphalt and concrete crack. It is a natural part of the lifecycles of the materials. However, with regular maintenance, not only will the frequency and severity of the cracks that invade your property be managed, but there are other benefits that go well beyond the longevity of the investment and aesthetics.

We spoke with Alliance Insurance Group regarding the affects of parking lot maintenance on insurance rates and averting risk for property owners. According to Justin Zale, Senior Vice President of Alliance, “When Commercial General Liability underwriters are reviewing a specific property and calculating annual insurance premiums, they pay particular attention to the overall condition of the paved surfaces, which can include parking areas, driveways, and sidewalks.” Zale notes the primary reason for this is that most general liability claims incurred by his company’s commercial clients are the result of bodily injuries sustained from slips and falls.

Premium = Risk

Insurance is the equitable transfer of the risk of a loss, from one party to another, in exchange for a premium, or the amount of money paid for a certain level of coverage. In other words, risk management and premiums go hand-in-hand. As a property owner or manager, maintaining your parking lot and other surfaces can save you money on your insurance rates. “Our agency has found that commercial property owners that regularly inspect and repair cracked, deteriorating, and uneven surfaces experience a much lower slip and fall incident frequency and a reduction in general liability claims,” states Zale. “This helps our agents justify lower liability insurance premiums when they negotiate pricing with insurance company underwriters.”

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Sr. VP of Alliance Insurance Group

Zale continues, “Conversely, we have also seen that property owners that had serious slip and fall claims and settlement payments can expect to incur substantial premium increases upon renewal or potentially have their policy cancelled.”

More Than a Public Affair

Customers and other visitors are not the only parties who can be victims of slips and falls at your property. “Poorly maintained surfaces can also cause injury to employees, and eventually have a detrimental effect on workers compensation insurance premiums,” notes Zale. Employee absence due to injury may also lead to a reduction in productivity, diminished quality of work, shuffling of work schedules, and relational issues with patrons used to working with that employee.

Safety First

The risk of slip and fall incidents can be reduced proactively on the part of the property owner or manager. “We recommend that our clients embrace a preventative maintenance program for all paved surfaces, and do everything in their power to ensure that the parking lots and walkways are in the best condition possible,” states Zale.

Here are a few suggestions to help keep your customers, visitors, employees, and business safe in your parking lot.

- Have maintenance personnel or a professional estimator perform regular inspections of your parking areas.
- Put together a preventive maintenance plan. Proper maintenance will lead to long-term money savings and will extend the life of your surface by 50-75%.
- Be receptive to complaints and handle them in a timely manner. Deferring maintenance can increase your risk of liability damage and can cost you two to three times more than regularly scheduled maintenance.
- Know your insurance policy coverage. Reviewing your policy with an insurance broker can help you determine your level of coverage and provide tips on how to keep your rates low.

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