

NEWSLETTER



Negate the risks of lawsuits

LAWSUIT PREVENTION STRATEGIES FOR BUSINESSES

Businesses of all sizes and in all industries face potential lawsuits. These legal disputes can require significant money, time and effort and can damage a company's reputation, regardless of the case's merits or outcome. Considering these impacts, business leaders should take steps to limit the probability of lawsuits being filed and have measures in place to address them if they arise. The following are methods that business leaders can implement to mitigate the risks of lawsuits.

CHOOSE AN APPROPRIATE BUSINESS STRUCTURE

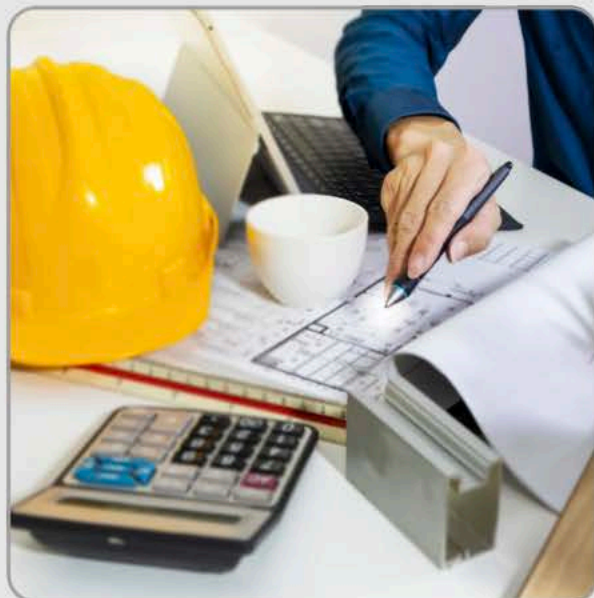
Different business structures offer various liability protections, and choosing the correct one is a key risk management strategy. For example, a limited liability corporation, or LLC, is a separate legal entity that protects business owners' personal assets seizure as a result of company-related litigation. Keeping personal and business finances separate is also essential.



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STAY INFORMED ON LAWS AND CONSULT LEGAL COUNSEL

Thorough knowledge of applicable legal requirements, including industry-specific regulations, employment laws and data privacy laws, can help ensure compliance with them. A skilled attorney can help business leaders navigate legal issues and prevent matters from rising to litigation.



UTILIZE STRONG CONTRACTS AND AGREEMENTS

Clearly written contracts can reduce potential lawsuits that allege a failure to fulfill an agreement. All agreements should be in writing, and legal professionals should review contracts before business leaders sign them.

MAINTAIN THOROUGH RECORDS

Maintaining extensive records, including financial and tax records, employee records, and records of customer and vendor interactions, can provide crucial evidence that helps resolve disputes before litigation emerges.

CONDUCT RISK ASSESSMENTS AND PROMOTE SAFETY

Regular risk assessments and immediately remedying discovered issues can help reduce workplace injuries that could lead to lawsuits. Premises, products, services and automobiles should all be routinely checked, and safety devices, such as smoke alarms and fire extinguishers, should always be well-maintained and in working order.

ENFORCE COMPANY POLICIES AND COMMUNICATE

Comprehensive company policies that are readily accessible and regularly enforced help prevent lawsuits. Topics covered should include ethical hiring practices; antidiscrimination, anti-violence and anti-harassment policies; and workplace safety protocols. Communication can also help alleviate concerns; providing opportunities to discuss issues can help fix them.

REGULARLY TRAIN EMPLOYEES

Routinely educating and training employees on company policies and procedures, legal compliance and customer service best practices can reinforce workplace expectations and reduce the likelihood of lawsuits. Employees should be encouraged to ask questions proactively and report issues.



CONDUCT BUSINESS ETHICALLY

All employees should perform business activities ethically to prevent allegations of improper conduct. They should avoid conflicts of interest, fulfill contractual obligations, and treat co-workers, partners and clients respectfully.

IMPLEMENT STRONG DATA PROTECTION MEASURES

Cyberattacks and data breaches are significant sources of lawsuits. Implementing cybersecurity best practices and maintaining good cyber hygiene (e.g., requiring strong passwords, backing up data, using multifactor authentication and access controls, and regularly updating and patching software) can mitigate cyber risks.

SECURE COMPREHENSIVE BUSINESS INSURANCE

Business insurance can provide financial protection by paying for legal fees, settlements and judgments if a lawsuit arises. Business leaders should work with insurance professionals who can provide information on industry-specific policies and offer guidance on selecting insurance.

For more risk management guidance, contact us today.