



## Holding Back the Flood

Imagine your insurance coverage as a dam holding back a river of risk. It looks solid, built to withstand thousands of gallons of water pressure and protect everything downstream. What's downstream in this example?

Your business, your livelihood, and your future.

However, even the strongest dam can fail if tiny cracks go unnoticed. Left unchecked, a small weakness in the structure can grow under stress until it bursts, unleashing damage that was once preventable. Coverage gaps in your insurance work the same way. They're often hidden in the fine print, easy to overlook until a crisis hits, and by then, the floodgates are open.

So, where are the cracks in your coverage that could turn into costly disasters? Let's read about three businesses that didn't see the cracks until it was too late.

### 1. The Case of the Missing Cyber Coverage

A small architecture firm had just landed a major client and was preparing to share blueprints and project data through their cloud-based system. One morning, the firm's server was locked by ransomware, demanding payment to release critical files. The owner assumed their professional liability policy would cover the breach, but it didn't. Cyber incidents were excluded, and the firm had no standalone cyber liability coverage. The cost of recovery, client communication, and forensic IT support was staggering.

Lesson Learned: In a world where digital collaboration is the norm, cyber protection isn't just for tech companies. It's vital for any business **handling sensitive data**.

### 2. Business Interruption That Didn't Count

A local print shop that specialized in custom signage and event materials was forced to halt operations when a nearby water main broke, flooding the street and cutting off access to their storefront. Though their equipment and inventory remained untouched, the shop couldn't open for nearly a month. The owner had business interruption coverage, but the policy only applied to direct physical damage to the premises. Because the building itself wasn't harmed, the claim was denied. Meanwhile, deadlines were missed, clients moved on, and revenue dried up.



Lesson Learned: It's a reminder that interruption coverage should reflect real-world disruptions, not just textbook definitions of damage. And this will differ for every company.

### 3. The Employee Misclassification Surprise

A landscaping company ramped up operations in the spring and summer by hiring seasonal workers. To keep costs down, they classified these workers as independent contractors. It seemed like a smart move until one of them was injured while operating machinery. The workers' comp policy didn't apply, and the company was liable for medical expenses and lost wages. A state audit followed, revealing that the workers had been misclassified. The company faced fines, back taxes, and a damaged reputation. What made it worse? Their employment practices liability insurance (EPLI) could have helped cover the legal costs and penalties, but it wasn't part of their existing policy.

Lesson Learned: As labor laws evolve, having coverage that protects against hiring and HR missteps is no longer a luxury. It is a requirement.

These are just a few examples of small cracks turning into a disastrous flood.

If any of these stories made you think, "*Are we covered if that happened to us?*" it's time to take action.

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