LEGAL CONSIDERATIONS FOR YOUR SMALL BUSINESS

Presented by: Aaron Prenger
Seigfreid Bingham, P.C.
aprenger@sb-kc.com
816-421-4460

SEIGFREID BINGHAM

Business Entity Types

- Sole Proprietorship
- Partnership
- Limited Liability Company
- Corporation
- Other (Professional Corporation, LLP, etc.)

Professionals

Attorney

Accountant

Insurance Agent

Insurance Coverage, Asset Protection, Liability

Types of Insurance and what is covered

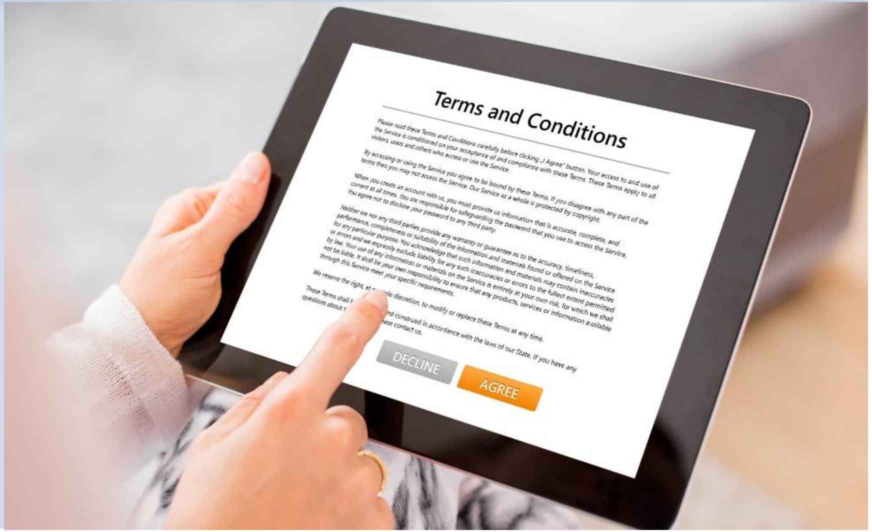
- CGL, Umbrella, Asset Insurance (inventory, receivables, equipment, etc.), worker's compensation, cybersecurity, other

What is not covered by Insurance?

- Gross negligence, fraud, willful misconduct, economic injury/consequentials

Terms and Conditions

- Consumer facing
  - Limitations and disclaimers
  - Statutorily required notices
  - Understand limitations
- Business facing
  - Duties and expectations



Limitation of Liability

- Consequential damage waivers — Why is this useful? - Examples
- Specific limitations
- Limitations to insurance
- Natural limitations of limited assets and LLC/corporate protections

Piercing the Corporate Veil

- Obey corporate formalities
- Do not commingle funds
- Create paper trails and official agreements between related businesses
    - Make them fair/market – no sweetheart deals
- Heavily marketed Parent with subsidiaries that do the actual work and enter into the actual contracts creates exposure for enterprise liability

Contracts

- See previous – Limitation of Liability
- Term and Termination
  - How do I get out of a contract?
  - What to do if other side breaches?
  - Automatic renewals?
  - Requirements contract?

Contracts (cont'd)

- Warranty
  - Provide one and limit
    - Repair or replace (or refund)
    - Time limitations
    - Procedure for claims if specific
    - No other warranties express or implied

Contracts (cont'd)

- Indemnification
  - What does it look like?
  - Reciprocation
  - Limit to Insurance

Contracts (cont'd)

- Delivery
  - Time is of the essence
    - See previous – Consequential Damages
  - Incoterms

Contracts (cont'd)

- Other Things to Consider
- Set off rights
- Specific requirements
  - Things you specifically need from them
  - Things they specifically need from you (can you perform)
- Time frames for performance and cure for breach

QUESTIONS???