



# Insurance Basics for a New Business

**1. General Liability Insurance:** Every business, even if home-based, needs to have liability insurance. The policy provides both defense and damages if you, your employees or your products or services cause or are alleged to have caused Bodily Injury or Property Damage to a third party.

**2. Property Insurance:** If you own your building or have business personal property, including office equipment, computers, inventory or tools you should consider purchasing a policy that will protect you if you have a fire, vandalism, theft, smoke damage etc. You may also want to consider business interruption/loss of earning insurance as part of the policy to protect your earnings if the business is unable to operate.

**3. Business owner's policy (BOP):** A business owner policy packages all required coverage a business owner would need. Often, BOP's will include business interruption insurance, property insurance, vehicle coverage, liability insurance, and crime insurance. Based on your company's specific needs, you can alter what is included in a BOP. Typically, a business owner will save money by choosing a BOP because the bundle of services often costs less than the total cost of all the individual coverage's.

**4. Commercial Auto Insurance:** Commercial auto insurance protects a company's vehicles. You can protect vehicles that carry employees, products or equipment. With commercial auto insurance you can insure your work cars, SUVs, vans and trucks from damage and collisions. If you do not have company vehicles, but employees drive their own cars on company business you should have non-owned auto liability to protect the company in case the employee does not have insurance or has inadequate coverage. Many times the non-owned can be added to the BOP policy.

**5. Worker's Compensation:** Worker's compensation provides insurance to employees who are injured on the job. This type of insurance provides wage replacement and medical benefits to those who are injured while working. In exchange for these benefits, the employee gives up his rights to sue his employer for the incident. As a business owner, it is very important to have worker's compensation insurance because it protects yourself and your company from legal complications. State laws will vary, but all require you to have workers compensation if you have W2 employees. Penalties for non-compliance can be very stiff.

**6. Professional Liability Insurance:** this type of insurance is also known as Errors and Omissions Insurance. The policy provides defense and damages for failure to or improperly rendering professional services. Your general liability policy does not provide this protection, so it is important to understand the difference. Professional liability insurance is applicable for any

professional firm including lawyers, accountants, consultants, notaries, real estate agents, insurance agents, hair salons and technology providers to name a few..

**7. Directors and Officers Insurance:** this type of insurance protects the directors and officers of a company against their actions that affect the profitability or operations of the company. If a director or officer of your company, as a direct result of their actions on the job, finds him or herself in a legal situation, this type of insurance can cover costs or damages lost as a result of a lawsuit.

**8. Data Breach:** If the business stores sensitive or non-public information about employees or clients on their computers, servers or in paper files they are responsible for protecting that information. If a breach occurs either electronically or from a paper file a Data Breach policy will provide protection against the loss.

**9. Homeowner's Insurance:** Homeowner's insurance is one of the most important kinds of insurance you need. This type of insurance can protect against damage to the home and against damage to items inside the home. Additionally, this type of insurance may protect you from accidents that happen at home or may have occurred due to actions of your own.

**10. Renter's Insurance:** Renter's insurance is a sub-set of homeowner's insurance which applies only to those who rent their home. The coverage is protects against damage to the physical property, contents of the property, and personal injury within the home.

**11. Life Insurance:** Life insurance protects an individual against death. If you have life insurance, the insurer pays a certain amount of money to a beneficiary upon your death. You pay a premium in exchange for the payment of benefits to the beneficiary. This type of insurance is very important because it allows for peace of mind. Having life insurance allows you to know that your loved ones will not be burdened financially upon your death.

**12. Personal Automobile Insurance:** Another very important type of insurance is auto insurance. Automobile insurance covers all road vehicles (trucks, cars, motorcycles, etc.). Auto insurance has a dual function, protecting against both physical damage and bodily injury resulting from a crash, and also any liability that might rise from the collision.

**For more information and an estimate of insurance costs contact:**

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