

INSURANCE FOR SMALL BUSINESSES

No matter what size or type of business you own, you've no doubt made a major investment—one that's worth protecting.

Adequate business insurance is essential to help manage your risk and minimize the affect of catastrophic events—such as natural disasters, business-related accidents or even terrorism.

The government mandates some insurance, such as workers' compensation insurance. There is also a wide variety of optional insurance policies available to small businesses that protect against fire damage, vandalism, product failure (e.g., the skylight you installed collapsed onto the bedroom floor) and so on. And don't forget policies that offer health and other benefits to yourself and your employees.

INSURANCE TO PROTECT YOUR BUSINESS

Business Owner Policy

Many insurance companies bundle several types of business coverage—such as property, liability and business interruption insurance—into what is commonly called a Business Owners Policy (BOP). A BOP is usually more economical than purchasing a number of separate policies.

Property Insurance

As the name suggests, property insurance covers both real and personal business property. Types of insurance include:

- *Building and Equipment Insurance:* Compensates you if your building or equipment is damaged or destroyed.
- *Valuable Papers Insurance:* Provides coverage if documentation supporting your accounts receivable or other valuable business records are lost or destroyed.
- *Crime Insurance:* Protects you against losses from theft.
- *Business Interruption Insurance:* Replaces some or all of the profits you would have earned if your business is forced to close due to disaster-related damage, and covers all or part of operating expenses (e.g., payroll, taxes, etc.) during the closure.

Liability Insurance

Liability insurance protects you from lawsuits filed by customers or other third parties claiming losses due to your product or service. Types of coverage include:

- **General Liability Insurance:** The insurance company will pay third parties that claim they were injured or their property was damaged by your product or service.
- **Professional Liability Insurance:** For those that provide professional services (e.g., lawyer, doctor, CPA), these policies protect you against liability for injury done to others due to your misconduct or lack of skill.

Key Person Coverage

The loss of a key person can be a major blow to a small business that, by its very nature, relies on the talents and abilities of a few people. Key person insurance can help compensate a business for financial losses due to the death or long-term disability of a key person—including, but not limited to, the business owner.

INSURANCE TO PROTECT YOUR EMPLOYEES

In today's competitive business world, insurance is a key component to most employee benefit packages; however, there is no federal or state law that requires it. If you do decide to offer group health insurance (medical, dental, vision, life, disability or long-term care) be sure to shop around and file an information return with the IRS about your plan.

WORKERS' COMPENSATION IS A MUST!

The government mandates workers' compensation insurance, which provides compensation to your employees who are injured at work or get sick from job-related causes. It also protects your business from liability. Once an employee opts to receive benefits under such a policy, the employee is usually prohibited from suing your business for the same injuries. 

