

Business Insurance

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Finding the right kind of insurance at the right price isn't always easy. It may seem like a daunting task, but having the proper insurance coverages is essential to your business' continued success. Given all the things that could go wrong, putting a little effort to protect what you've built, may not seem like a chore at all.

Depending on your industry, certain forms of insurance are requirements. In most states, business owners with employees need workers compensation insurance. You may also need to purchase property insurance as a part of a lease, mortgage or agreement with suppliers. Whether they are required or not, there are some key types of coverage every business owner should consider; property, liability, business interruption, life and disability, workers compensation and data breach and cyber liability.

The first three are typically included in a business owners standard package policy, often called a BOP policy or a business owners policy. Many are tailored to the needs of different industries, thus not all provide the same type of coverage. If you are a home based entrepreneur, don't assume your business is covered by your homeowners or renters policy. Most often, it is not. Special riders or endorsements can be added to your residence policy to provide protection for your business. Today, many insurance companies have developed products especially to accommodate the needs of home based businesses.

Property insurance covers your physical location, specifically the building, furniture, equipment and inventory of your business. In this area, it's important

to be insured for the replacement cost value of your property, not what its worth at the time of loss. General liability insurance is the most common coverage for retail, service, manufacturing and home based entrepreneurs. It protects your business from accidents and unintentional injuries to others by insuring damages to property and person. It also assists you financially and legally by paying legal costs if you're hit with a lawsuit.

Business interruption protects lost income if your business cannot operate for an extended period due to an insurable loss. It can also help pay for expenses above normal operational costs incurred during this time, such as relocation or rebuilding costs. These policies vary widely, thus it's important to fully evaluate the coverages.

Aside from basic business coverage, other insurance programs to consider would include life and disability policies. These policies are sold separately from standard business policies and protect the family's income in the case of the death or disability of the business owner. Additionally, life insurance policies can provide cash to fund buy-sell agreements and eliminate any outstanding debt of the company.

As an employee benefit, employers generally offer life insurance coverage equivalent to one or two times an employee's annual salary. Generally, disability insurance costs one-half of one percent of payroll, while life insurance premiums run about five cents per thousand. Practically all states require businesses to purchase workers' compensation insurance after reaching a certain level of payroll or as the company

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hires employees. The core of the coverage includes paying medical bills and lost wages for employees injured on the job and employers liability, which protects the business owner should he/she be sued by the injured family due to the injury or death of an employee. Even if the company offers medical and disability plans, many disability plans exclude benefits for work related injuries or will coordinate these benefits with workers compensation benefits.

Every business which has access to customer, patient or employee data including credit card numbers, medical records, Social Security numbers or drivers license numbers, needs data breach liability coverage or cyber liability protection. Businesses of all types are vulnerable to costly and damaging liabilities caused by data security breaches that are occurring at alarming and growing rates. More and more sensitive data is now store and transferred electronically and susceptible to compromise from hackers, virus cyber attacks, lost or stolen computers, laptops or flash drives and employee misuse.

When evaluating all the possible business risk, business owners can feel "insurance poor". To best avoid this, look for comprehensive policies where multiple coverages can be provided in one contract. Watch for duplicate or overlapping coverages and benefits. Work with one or two insurance professionals who can best coordinate your coverages and fully understand the needs and objectives of your business. Consider carrying higher deductibles. Explore the likelihood and potential severity of losses and determine deductibles based on these factors. Position all policies for maximum tax advantage. As an entrepreneur, many policy premiums may be deductible business expenses, thus lowering net cost. And remember, insurance is a financial and legal shield which protects your assets, wealth and income from possible financial ruin.

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