



INSURANCE FOR YOUR BUSINESS

LESSON TOPICS

1. Types of Insurance

Commercial Insurance: This is the most important type of insurance that a business can have. It will protect you from a natural disaster, a theft, and an event someone is to trip and fall.

Equipment Insurance will cover your mobile equipment, stationary equipment, and inventory.

Key Person Insurance will be designated life insurance policy for a vital employee who completes speciality tasks for your business. This would allow the business owner to re-coop financially if something detrimental were to happen to the employee.

As your business grows, there will be some insurance requirements as you go to a lender. When going to a lender for a loan, you will need to provide insurance coverage for that specific asset that you are buying whether it be equipment or building. You will also want to discuss with your insurance agent the content coverage you have and if it is the right amount. This is the coverage that covers anything that you can take with you if you move, such as office equipment.

2. Insurance Agent Relationship

Having a good relationship with your agent is important. Make sure to review your coverage annually and have great communication with your agent. This can be key if you do end up having a loss and work closely with your agent.

3. Reasons to have Insurance

Reasons to have insurance include to manage the risk involved in your business, protection of assets, protection from loss of income, maintain and continue financing, and protection from injuries and damages. If you are a professional such as a doctor, an attorney, a CPA, or even an insurance agent, you will want professional insurance for legal or regulatory requirements. Businesses will want to provide life, health, and disability insurance for their employees which will help with retention of quality employees. If you have an employee pass away or become incapacitated then insurance can provide business continuity during that time. Lastly, insurance can provide protection from error if advice given as a professional goes poorly.



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LESSON TOPICS CONT

4. Insurance and Starting out as a Home Business

Do you need insurance for your home-based business? The answer is dependent on a couple factors. If the business is still relatively small and only has a few customers and little income, it will be considered a hobby and can be covered under home owners' insurance. Once the business starts to grow with more customers and income then you should consider setting up a commercial policy.

Commercial Policy selection questions include does this policy make sense, can you cover it without insurance, consider the cost of the policy with deductibles and coverage limits, is the coverage sufficient, and does this policy provide for growth. When selecting insurance for your growing business, find an agent that only does commercial insurance. Since insurance and policies are changing all the time commercial agents can stay up-to-date on these specifically.

5. First Commercial Policy

After purchasing your first commercial policy there are a few things to keep in mind.

- Keep your policy easily accessible
- Keep agent phone numbers available at all times
- Maintain insurance procedures and business continuity plan

- Verify beneficiaries
- Pay premiums on time. If it is not paid on time, you may get the policy cancelled and have the claim not covered.