

Business Insurance Basics

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Recently a new client asked, "Can you just help me get liability insurance? I think that's all I really need."

She had a new employee, some part-time helpers, a leased workshop, a collection of unique tools and her services included designing structural elements for high-end residences. Of course, we had to think again!

Just what are the basics of a properly constructed insurance program?

Your coverages need to include the following ~

- Business property and liability – often a business-owners package – is where most programs start. You'll also have options for business income, crime, flood, sprinkler leakage, and perhaps lots more.
- Workers' Compensation is mandatory if you have any employees – even part-time – and Employers Liability is included in this policy. Be careful about how you decide if someone is an independent contractor or not – there are very strict rules and the penalties can be high.
- A Commercial Auto policy is needed if the business owns any vehicles. If not be sure to have non-owned and hired coverage added to your liability policy above. If you use a personal vehicle for work make sure it is correctly rated to avoid problems with a claim. And make sure employees have adequate insurance – and a good driving record – if they do any errands for the business.
- Other coverages to carefully consider include: Excess/ Umbrella Liability, Employment Practices Liability, Media-Web Site Liability, Fiduciary Liability or an ERISA bond if you have a pension plan, Errors & Omissions Liability if you give any advice; Directors & Officers Liability, Flood and Earthquake. The list could be very long.

Insurance is important, but prevention really should come first ~

My mantra is "Buy Your Insurance Last™" after you've thought about how to prevent losses and mitigate risks, done some safety training and created a number of contingency plans for when something does go wrong.

Remember, even the best insurance programs won't pay for everything.