



Timesaving Tips and a Complete Checklist for Insuring Your Business

Now that you've decided to enter the business world, complete with its risks and rewards, how will you protect all of your blood, sweat and tears? What types of business insurance might you need? And how do you go about selecting an insurance company that you can trust?

There is insurance coverage available for just about any risk that you could possibly think your business might encounter. And there are insurances that cover risks you haven't even considered. As a business owner you will want to be aware of the different types available, their pertinence to your particular business and the factors you should weigh when deciding for or against such coverages.

What to Look For in an Insurance Representative

Insurance brokers, direct agents and independent agents all offer a myriad of commercial insurance policies. Is one better than another for your particular business? Absolutely. But determining which agency is right for you is not cut and dry nor does it come down to strictly dollars and cents.



First of all, you'll want to seek bids from at least one of each: a broker, direct agent and independent agent. When speaking to them, ask questions that will help determine their interest in helping your company prevent losses and minimize risks. Above all else, you will want to work with an insurance agency that is vested in the protection of your business. This is your first order of business.

Be clear about your expectations for a potential insurance agency when speaking to a representative. Also, have a frank, open talk about your specific risks. Once you have a good feel for the agency you may like to work with, you'll want to make sure it has a solvency fund. If a catastrophe strikes the insurance company itself, you want to be sure you're still protected.

Obvious Tips

1. Avoid overlapping coverages in your policies. You want to be covered for everything, and only covered once.
2. Reassess your insurance coverage annually. Your needs will change as the company grows. You'll want to stay on top of your risks.
3. Follow your insurance company's notification policy. Period. If your company requires reporting an incident within 24 hours, report that incident within 12 hours. Waiting the full allotted time can be risky since in times of crisis our plates can become full and our time can slip by in a wink.
NOTE: Most claims themselves do not need to be filed as quickly – just the initial notification.
4. Assess your damages and losses and pull together all of the proof you have, such as logs, photographs, receipts, etc.
5. Be sure to inform your insurer of your preferred method of reimbursement – cash, repair or replacement.
6. If a compromise can't be reached, arbitration is a viable option.



Not-So-Obvious Tips

1. Have your property evaluated every five years using an independent appraiser. The small cost is nothing compared to the potential costs of an under-insured business.



an incredibly large pool of funds to insure yourself.

2. Keep complete records of all of your insurance happenings: claims, reimbursements, policies and receipts. No brainer, right? Sure – for typical record-keeping purposes (and to keep your accountant happy). However, what isn't so obvious is that this can come in handy in the future to lower your insurance costs.

3. Regardless of how tempting self-insurance may be... don't! Or at least don't consider it lightly. Depending on the magnitude of your potential losses, you will most likely need

Business Insurance Checklist

Like we mentioned earlier, there exists insurance coverage for just about every conceivable type of risk. Here we will list the top 10, in alphabetical order.

1. COMMERCIAL AUTOMOBILE INSURANCE

- a. Commercial Auto Insurance is required if your business owns or leases vehicles in the name of the company. This applies to vehicles that carry employees, products and/or equipment and will protect them from damage and collision losses.
- b. If your employees drive their own cars on company business, or if you rent vehicles on occasion, you should purchase a “non-owned and hired car” business automobile policy.

2. DATA BREACH INSURANCE

- a. You are responsible for the protection of all sensitive and personal information that you maintain regarding your clients and employees. Whether that data is stored electronically or in paper files, privacy protection must be taken seriously.

3. DIRECTORS AND OFFICERS INSURANCE

- a. Covers costs or damages to operations and/or the profitability of a company due to the actions of its directors and officers.

4. DISABILITY INSURANCE

- a. Provides coverage for injuries and illnesses that are not directly job-related.
- b. It is mandatory in some but not all states. Regulations are constantly changing in the insurance industry, so be sure to ask your insurance agent about this.

5. GENERAL LIABILITY INSURANCE (COMMERCIAL)

- a. Covers claims of negligence, accidents and injuries caused by your employees, products or services.
- b. Provides damages and defense coverage in the event of a lawsuit.
- c. Even if you're a home-based business, general liability insurance can protect you against 3rd party claims of libel, slander, bodily injury and property damage.

6. HOME-BASED BUSINESS INSURANCE

- a. Riders to your homeowners' policy will cover normal risks to your business such as property damage. However, you may need to purchase some additional policies mentioned in this list, such as general or professional liability. Your insurance agent can assess your coverage needs.



7. PRODUCT LIABILITY INSURANCE

- a. Protects against financial loss due to injury or bodily harm caused by a defective or allegedly defective products.

8. PROFESSIONAL LIABILITY INSURANCE (A.K.A. ERRORS AND OMISSIONS INSURANCE)

- a. Protects against negligence, malpractice and other service failures to customers.
- b. Covers professional firms such as hair salons, lawyers, consultants, advertising agencies and the like.
- c. Some professions are state-mandated to carry Professional Liability Insurance.

9. PROPERTY INSURANCE (COMMERCIAL)

- a. All-risk policies cover typical small business risks, such as the physical building itself, computers, paperwork, furniture and equipment.
- b. Peril-specific policies cover losses caused by only the perils listed in the policy, such as vandalism, storms, smoke & fire, and business interruption.
- c. Although not mandated by law, it is often required by the mortgage holder, bank or leasing company.



10. UMBRELLA LIABILITY INSURANCE

- a. Goes over and above the limits set by your other policies, such as commercial auto and commercial general liability.
- b. Almost never a bad idea.

BONUS: Workers Compensation Insurance (WC). Because this is federally mandated and governed by the state in which you reside, there really is little to consider. If you have employees on your payroll, you need to provide wage replacement and medical reimbursement if they are injured on the job or become ill due to the job. Workers Compensation also protects you, the employer should your employee choose to sue you instead of file a WC claim.

With so many types of business insurances to consider, a business owner can get disheartened quickly before even starting the process. A good insurance agent will walk you through the process of risk-assessment and insurance needs all the while keeping your best interests at heart.

At TJ Woods Insurance Agency, we pride ourselves on keeping our clients' primary needs our number one focus. We offer both personal and commercial insurance as well as financial services throughout New England. We've built our business on genuine relationships and will always steer you in the direction that best meets your needs.