

# Frequently Asked Questions



## Commercial Insurance

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### **I'm just getting my business started. Do I need insurance right away?**

Yes, because the chance that you could suffer a loss begins with the first day of business. You can't get help after the fact. You must be prepared for the risks that are inherent in any business and the losses, sometimes catastrophic, that they can cause.

### **I don't have any major business assets. Why do I need insurance?**

Every business has some property. And, when you think about it, your business is your property. In addition, your business is your source of income, so you need protection from the potential loss of that income. Generally, there are two types of insurance - property and liability. Property insurance covers damage to or loss of the policyholder's property. And if somebody sued for damages caused by you or your possessions, the cost of the suit - both defending it and settling it if necessary - would be covered by your liability insurance.

### **What types of property do I need to insure?**

Your business may not possess all the following types of property, but you can use this list to make sure that you have considered all the property categories and any insurance coverage that may be warranted:

- Buildings and other structures (owned or leased)
- Furniture, equipment and supplies
- Inventory
- Money and securities
- Records of accounts receivable
- Improvements and betterments you made to the premises
- Machinery
- Boilers
- Data processing equipment and media (including computers)
- Valuable papers, books and documents
- Mobile property such as automobiles, trucks and construction equipment
- Satellite dishes
- Signs, fences, and other outdoor property not attached to a building
- Intangible property (good will, trademarks, etc.)
- Leased equipment

### **What kinds of events does business insurance cover?**

Basic property insurance policies generally cover losses caused by fire or lightning and the cost of removing property to protect it from further damage. "Extended perils" including windstorm, hail, explosion, riot and civil commotion, and damage caused by aircraft, automobiles or vandalism, are usually covered in the standard policy. Other important perils, often not covered, include earthquake and flood damage, building collapse, and glass breakage.

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### **Everybody seems to be suing everybody else these days. What if someone sues my business?**

No business can afford to be unprepared for a lawsuit. Liability Insurance protects your business assets when the business is sued for something the business did (or failed to do) that contributed to injury or property damage to someone else. Liability coverage extends not only to paying damages but also to the attorneys' fees and other costs involved in defending against the lawsuit - whether valid or not.

The standard business owners policy provides liability coverage, as does a separate policy known as a commercial general liability (CGL) insurance policy. Generally CGL insurance, whether purchased in a separate policy or as part of a standard business owners policy, will cover bodily injury, property damage, personal injury or advertising injury. The medical expenses of a person or persons (other than employees) injured at the business or as a direct result of the operations of the business are also covered.

### **What about the cars and trucks that I have in my business? Is the coverage like what I have on my personal car?**

Yes, but in addition to covering the vehicles you own for liability, medical payments, uninsured motorist coverage, comprehensive and collision, it also covers you when you rent a car and when your employees are operating their personal cars for your business.

### **Will I need to protect my employees in the event they are injured on the job?**

Yes, and in most states there are legal requirements that must be met, and for which you may be responsible. State laws vary, but most states require that you carry some form of workers' compensation insurance. This protects the employee and also offers you the business owner a degree of immunity from lawsuit by an injured employee.