

## Insurance policies for business owners

When peril strikes a business many can suffer. But with a good policy package in place, one can focus on the disaster instead of worrying about the income lost! Isn't this true for all insurance, though? Think about life insurance. We can't receive enough insurance proceeds to forget that we lost a loved one. But at least with proper coverage, we will not have *financial worries* on top of the peril and loss.

A commercial package policy is very commonly used by businesses. The package includes many areas of coverage all sewn into one product. Building and property coverage is used for the actual building and any fixed structures. The business personal property is for those office items and other assets that are not "attached" to the building. This includes computers, machinery and inventory. Review each of the additional coverages available, as these circumstances are important to note. Tasks like debris removal, data retrieval and cleanup are each critical to business continuation after a peril.

A great policy to have is that of business income insurance or interruption insurance.

Just think of the loss of income while you rebuild a restaurant or hotel after a hurricane! Repairs to resume business can take months or even years to complete. Yet, your rent or mortgage is still due! You have leased equipment and other bills to pay. But, you cannot be operating yet. Can you see why this coverage is so important? It provides the normal income that your business generated before the peril, so that you can focus on the recovery efforts. Other policies available are builders risk insurance, condo association coverage and marine coverage.

Now that you see how to protect your business property, you'll want to be familiar with business/commercial liability insurance. How many times have you heard on the news that someone had food poisoning after eating at ABC Restaurant? Or that a foreign object was found in the food. This is such a litigious society that we must protect our business from these possible occurrences. The areas include product and contract liability.

Losses due to employment issues are another important area to insure. There are employment lawyers all over this country just waiting to sue **you** on behalf of your employees! As managers, we handle terminations, are subject to accusations and are responsible for actions of our *other* employees. Each of these areas makes our company vulnerable to a lawsuit. And let's not forget the workers compensation insurance policies. Just like there is with personal policies, there is also an umbrella policy available for potential large dollar losses. If affordable to you, it may be a good idea to consider. Lastly, let's consider those who serve on boards. Each board member needs coverage against litigation, too! Director and Officers insurance is available to cover these incidents. As we see, there have been policies available to cover almost every potential peril in our personal and professional lives. The trick is to determine adequate and necessary coverage, based on our ability to absorb losses on our own and the probability of the peril occurring. A property and casualty expert is charged with these duties.

This concludes our last lecture. I hope that you enjoyed the lecture and have a better idea of the available policies for personal and business needs. Remember that insurance is just the transferring of risk from YOU to another party. There is usually someone to assume that risk for you. But at what cost? That is your job-figuring out when it is efficient and affordable.

**Enjoy your week!**

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Reference

**Rejda, George. E. Risk Management and Insurance (11<sup>th</sup> edition). Prentice Hall.**