

# What is business liability insurance?

Business liability insurance protects your business in a variety of scenarios in which your company is negligent or causes harm to individuals or other businesses. **Commercial general liability insurance (CGL)** is the most important component of your business liability coverage. It is the first line of defense from lawsuits and liability claims against your business.

Any business owner, no matter how many precautions he or she takes, is at risk for liability claims. Liability claims can arise from injuries or property damage that occur on your business property, or those that are caused by you or your employees in the course of doing business.

CGL policies pay for attorney fees and any judgments that you might have to pay if you are sued, and also provide coverage for claims of libel, slander, copyright infringement, and false advertising.

That's a lot of coverage! But CGL insurance still does not cover every type of liability exposure that you might have. Let's just say that it covers the basics, but since every business is unique, you may need deeper liability protection depending upon the type of business you do and the risks you face. You may need additional commercial liability policies, or you may need to add endorsements to other insurance policies in order to cover all the bases.

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# Who should not purchase a BOP?

For companies in high-risk industries like agriculture, mining, construction, health care, gun shops and even computer stores, a BOP policy might not be the best fit. Companies that run high risks or are in unique industries require a specific insurance package and a certain amount of coverage. For these businesses, a BOP might not offer the coverage type or amount that your business needs.

A BOP is also not a good fit for a business that needs something that's not offered within the policy, such as professional liability insurance. Businesses that usually need professional liability insurance include fitness trainers, photographers, beauty technicians and anyone who runs the risk of being sued by a client for not producing an adequate enough product. Since professional liability is not offered with a BOP and cannot be added to a BOP it wouldn't be the best choice.

Your independent insurance agent can help you determine whether a BOP is a good choice for your business.

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# What types of businesses are good for a BOP?

While a BOP is good for nearly any business, there are some businesses that have general lower risks and are well suited for a BOP. Insurance companies determine a business's level of risk based on any claim history and conditions such as safety and

health concerns, the likelihood of theft, burglary, or damage from a natural disaster, and business that are in high-risk industries. The lower the risk of your company the less complicated insurance coverage you need. This makes it convenient to go with a BOP.

**The following businesses are good candidates for a BOP:**

- Restaurants
- Retail stores
- Salons
- Professional services
- Pet groomers
- Veterinarians
- Caterers
- Coffeeshops
- Deli
- Auto repair shops
- Florists

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## **What is not covered In a business owners policy?**

While the above coverage might be enough for your business, you may need additional coverages that are not covered by a BOP.

**The following is NOT covered under a BOP:**

- Professional liability
- Auto insurance
- Workers' compensation

- Health and disability insurance
- Flood and sewer back-up
- Cyber risk insurance
- Terrorism insurance

For each of the above, you'll need separate insurance policies.

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## What does a business owners policy cover?

Your standard business needs a variety of liability and property insurance. Depending on your risks, you may have to purchase these policies individually or you may qualify for a BOP. BOPs provide most of this insurance coverage but under one package which makes it more affordable for businesses.

### **Your coverage under a BOP can include:**

- Property: The building and its contents.
- Property of others: In case your business provides a service on property like a repair shop.
- Business interruption: Lost income and employee salaries while you rebuild after a disaster.
- General liability: For any time that you might be sued.
- Employee dishonesty coverage: In case an employee steals from you.

### **Other needs:**

- Mechanical/machinery difficulties.
- Front store window replacement.

- Hired and non-owned autos (i.e., you don't own a company car but employees are still driving for the job).
  - Loss of valuable papers.
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## **Why do I need a business owners policy?**

Every business needs insurance but policies can get pricey. Sometimes a BOP is less costly than individual policies which is why it's appealing. Furthermore, if there is damage to your property or the property of others, employee theft, mechanical difficulties, or an everyday accident at your business that causes a loss of income, a BOP can keep you from having to close your doors as a result of the expenses related to the events.

### **Terrible things can happen if you don't have a BOP:**

- Financial ruin: Why risk paying out of pocket and possibly going bankrupt, when you could just pay for a BOP that is fairly inexpensive?
  - Lawsuits: Legal issues can not only be costly, but they can also be very time-consuming, so one accident has the potential to bring down your business.
  - Losing your stuff (or other people's stuff): Recovering the costs of theft, damage to buildings or broken equipment could send your company into a downward spiral.
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# What does builders' risk insurance cover?

A builders' risk insurance policy protects a construction project and almost everything that's part of the process as soon as it's on location, including the actual structure and even building site necessities such as porta potties.

The biggest difference between policies is what they protect against, like fires, explosions and falling objects.

**Builders' risk insurance policies will fall into three different forms of coverage: basic, broad and special.**

- **Basic:** Protects against fire, lightning, wind, explosions and more.
- **Broad:** Protects against everything included in basic, as well as several additions like falling objects, water damage and a few more.
- **Special:** Protects against theft and everything else.
- **Exclusions and claims not covered:** The three forms of coverage will not protect against accidents, injuries and liability risks, as well as certain natural disasters like floods and earthquakes. Also, any peril that is specifically excluded from the policy will not be covered.

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## Builders' risk insurance for

# homeowners

If you're building a new home or remodeling an old home, builders' risk insurance should be provided to have proper protection for all parties involved. Most of the time your lender will require proof of builders' risk insurance. If there is not a lender, then the homeowner should be requesting this of their builder.

Having a builders' risk policy in place for your home building project will do two things. First, it will ensure that none of the claims that could arise during a build-out will fall under your responsibility. Second, the policy will also protect the builder from having to come out of pocket to pay for any claims.

You can see that this is a beneficial insurance policy for everyone. Contacting your independent insurance agent to go over details of your builders' risk project is the first thing to do.

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## Is builders' risk insurance mandatory?

The majority of the time financing is involved in a building project and most financial lenders require a builders' risk policy to be in place prior to any work being performed.

However, there is the off chance that the project is fully funded by either the builder or the building owner and no proof

of builders' risk insurance is required. Having it as part of your practice is a wise decision and usually an inexpensive one at that.

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## **What is builders' risk insurance?**

Builders' risk insurance is a policy that will help pay to repair, replace or recover the current value of a construction project. This includes a number of different claim types such as fires, theft, labor costs and natural disasters.

As a builder or building owner, having the proper builders' risk policy in place could save your project and you thousands of dollars in expenses.

Finding the right local independent insurance agent that is experienced in the different types of builders' risk policies is key to a project staying on track.