

What is a deductible?

A deductible is the amount you're responsible for in the event of a covered loss. In most covered loss cases, you are responsible for any amounts up to your deductible level and your insurance would cover anything beyond that up to your coverage limit. For example, if you select a \$1,000 deductible and have a \$4,200 covered loss, you would receive a claim payment of \$3,200 after deducting the \$1,000.

A deductible applies to each claim. If you have more than one claim in a policy period, you will be responsible for the deductible amount for each individual claim regardless of the number of claims you have during that policy period.

What is replacement cost?

Your home is probably the single largest investment you'll ever make. By insuring your home, you are helping to protect your investment.

Estimating the cost to rebuild your home will help you decide the amount of insurance you'll want to purchase. The primary factors that'll determine the cost to rebuild your home include:

- Local construction costs
- The square footage of your home (and the number of bathrooms and other rooms)
- The type of exterior wall construction – frame, masonry (brick or stone) or veneer

- The type of roof
 - The number of floors (one to four stories, bi-level or split level)
 - Special features like attached garages, fireplaces, exterior trim and arched windows
 - Quality of materials and finishes throughout the home
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How does my local fire department impact my homeowner's policy?

Each fire protection agency (including your local fire department) is reviewed by the Insurance Services Office (ISO) and ranked based on their fire protection services, such as fire equipment, staffing and available water supply. The ranking is called the Public Protection Class (PPCTM) with 1 being the best score and 10 being the worst score. Many insurance companies use the PPC rating and the distance your home is from the nearest legally responding fire department to determine whether they will insure your home and how much to charge

What is the difference between

collision physical damage coverage and comprehensive physical damage coverage?

Collision is defined as losses you incur when your automobile collides with another car or object. For example, if you hit a car in a parking lot, the damages to your car will be paid under your collision coverage.

Comprehensive provides coverage for most other direct physical damage losses you could incur, including theft. For example, damage to your car from a hailstorm will be covered under your comprehensive coverage.

What is a business owners policy?

A Business Owners Policy (BOP) is insurance that allows a business (that meet certain criteria) to combine coverage from multiple policies into one convenient package. BOPs are created for businesses that face similar risks and often appeal to small and medium-sized businesses. However, larger companies can purchase a commercial BOP package and customize it to fit their needs. These days, there's a BOP for most mainstream businesses, from hair salons to hardware stores, which makes the process easier.

What is errors and omissions insurance?

Errors and omissions insurance (or E&O) is a form of professional liability insurance. It covers a business for services rendered that did not have the expected or promised results, or that result in a loss or personal injury suffered by the person receiving those services. It also covers situations where the individual or company failed to render services at all. Engineers, stockbrokers, accountants, insurance agents, and lawyers may be covered by E&O.

Malpractice insurance is also a form of professional liability insurance. Malpractice insurance covers healthcare professionals, physicians, dentists, pharmacists, and others.

Does business insurance cover flood damage?

In order for your business insurance to cover flood damage, your company must carry a separate flood insurance policy or endorsement. A typical commercial property insurance policy covers specific water damage situations but excludes flooding.

The wording and water damage exclusions vary from one insurance company to another. Be sure to review your policy carefully and

discuss your specific risks and concerns with an independent insurance agent who can help you get the coverage you need.

Does business insurance cover embezzlement?

If your business carries commercial crime/theft coverage, your business insurance will cover employee fraud and embezzlement.

There are several different forms of employee dishonesty coverage. You can purchase several types of fidelity bonds to protect the business in the event of dishonest acts by all employees, or by named employees.

What business insurance do I need?

Depending on the nature of your business and any insurance that you are legally obligated to carry, the following types of business insurance should be considered essential:

- **General liability insurance:** Coverage against accidents, injuries and negligence claims.
- **Product liability insurance:** Coverage against product defects.

- **Professional liability insurance:** Covers professionals against malpractice, negligence or errors.
- **Commercial property insurance:** Covers against damage to your business property, such as from a fire or a severe storm.
- **Business interruption insurance:** Protects your business if you are no longer able to conduct your business because of a loss.

Some businesses need specialty coverage for equipment, shipping and other risks. Because commercial insurance needs to be tailored to each business based on risks, it is critical to work with an agent, who will get to know your company and ensure that your coverage adequately protects your business investment.

Is business insurance required by law?

Business insurance is required by law, but only under certain conditions. The following business insurance is required by law if it is applicable to your situation:

- **Unemployment insurance:** Applies to a business that has employees and may be obligated to pay unemployment insurance taxes under prescribed conditions. If these conditions are applicable to your business, then you must register your business with the state work force's agency.
- **Workers' compensation insurance:** If your business has employees, you are most likely legally obligated to carry workers' compensation insurance, either on a self-insured

basis or through a commercial insurance carrier or a state workers' compensation program. Workers' compensation laws vary by state.

- **Professional liability insurance:** Some states require specified professionals to carry insurance against professional liability.
- **Disability insurance:** Several states require that a business have partial wage replacement insurance coverage for eligible employees for non-work related injury or illness. These states are California, Hawaii, New Jersey, New York, Puerto Rico and Rhode Island.