

Business Insurance

The best way to protect a business owner's personal assets from claims made against the business is to have general liability insurance coverage for the business. This is particularly true in those business structures where the owner has unlimited personal liability, such as a sole proprietorship or general partnership. However, even in those business structures that provide the owner with limited personal liability, such as a corporation or limited liability company (LLC), it is still a good idea to have general liability insurance coverage. Then, in the event that a claim is made against the business, the insurance carrier will provide a lawyer to defend against the claim. Without liability insurance a lawsuit becomes a major distraction, annoyance and expense to defend.

If the business will provide advice or recommendations to its customers, such as a consultant, the general liability insurance policy should include "Errors and Omissions" coverage. E and O coverage is the equivalent of professional malpractice insurance for professionals such as doctors and lawyers, but may not be included in a standard liability policy unless requested. There are business owner's package policies available that provide a combination of liability insurance as well as property insurance to protect against the damage or loss of business equipment and/or inventory.

Businesses should also consider having key man life and/or disability insurance covering the death or disability of a key member of the company. Key man insurance policy benefits are paid to the company in the event of the death or disability of the person who is insured, and may enable the company to continue in business if a key member dies or becomes disabled. If the person who is insured dies, key man insurance will assist the company in paying his estate for the value of the deceased member's share in the business, which the company might otherwise not be able to afford.

Property Insurance will cover the loss of or damage to business equipment. A Business Owner's package policy provides both liability and property coverage.

If yours is a home based business, your Homeowners Insurance policy will not cover business related claims unless it includes an Incidental Business Use Rider. Contact your insurance carrier to obtain such a rider.