



Small Business Insurance Checklist: 5 Questions to Ask Your Agent

Description

Getting the right business insurance is not just about low-price premiums, it's about the insurance policy that can work for your business.



Choosing the insurance policy can be confusing so, consumers seek the help of insurance agents to make the best choice. Insurance agents can guide you to select the best fit for the needs of your business. Ask the following questions to the insurance agent to make the right choice.

1. What type of insurance policies do you offer for small businesses?

If you are visiting an insurance agent, ask him about the types of insurance for small businesses and which type can suit you the best. Businesses can be insured in different ways. Every business does not need each type of insurance coverage. Following are the different types of insurance policies for small insurance.

Business income insurance covers the loss due to damage to the physical property. If damage to physical property reduces or suspends the output of your business services, this type of insurance will replace the lost income. If your business lost income due to fire, theft, or wind, business income insurance will cover the lost revenue.

General liability insurance is considered good for small businesses. If you are sued in the event, this insurance can protect your assets. For example, if you own a shopping store and a customer is injured by slipping in the store, business liability insurance can help pay medical bills.

Professional liability insurance covers the finances if you or your staff make the mistake in professional services. Errors and omissions insurance is also known as professional liability insurance.

A business owner's policy is the combination of general liability and property insurance. This type of insurance policy is mostly purchased by small and medium business owners.

Commercial property insurance protects the physical assets of your small and medium-sized business. This type of insurance also covers your equipment, tools, furniture, and inventory. The cost of the insurance policy varies according to the specifics of the property. If your office building is damaged due to the fire, this policy will pay for the loss of the equipment inside the office.

Contractors' professional liability insurance protects construction-related businesses like architecture, engineering, and subcontracting. This insurance policy helps you to cover the liability claims for errors and environmental impact.

Data Breach insurance protects the sensitive personal information of your customers. Small businesses collect information like credit card numbers and social security numbers of their clients. If some hacker or virus steals the personal information of clients, your company can be held liable. Data breach insurance policy will pay to cover the cost.

Workers' compensation insurance protects the benefits of your employees. This insurance policy helps pay for medical bills, lost wages, and funeral expenses due to job-related injuries or illness.

Commercial auto insurance helps to cover on-job driving accidents. If you or your employee meets an accident during deliveries, the commercial auto insurance policy will help cover the loss. This insurance is especially important if your employee drives your company's or his vehicle for the job.

2. What is your expertise and do you have professional designations?

If you are purchasing an insurance policy through an agent, ask him about his expertise and experience. Some insurance agents work independently and some work with insurance companies called captive agents. The expertise and experience of the insurance agent will give you an idea of the reliability of the insurance policy. It will allow you to decide whether you can trust him or not. An independent insurance agent sells insurance policies of many companies according to his contracts while the captive agent is bound to work with only one company and he sells the insurance policies of that company. There are various advantages of purchasing policies from an independent agent and captive agent. An independent insurance agent can provide you many options and you can choose the best among them. Most of the customers were inclined towards independent insurance agents due to

various options. Captive agents work with major insurance companies and they are the expert on selling different insurance policies. They guide you about the best policy for your business. Insurance agents specialize in a specific field or type of insurance. You should be clear about the insurance needs of your business.

Insurance agents have accreditation and designations like many other professionals in various fields. Commercial insurance is the subclass of property and casualty insurance. Every line of the insurance industry has different advantages and risks so, choose a commercial agent who specializes in this line and can provide the best insurance policy for your business. Common designations for commercial agents have Chartered Property Casualty Underwriter (CPCU) and Commercial Lines Coverage Specialist (CLCS). CPCU covers a wide range of subjects related to commercial insurance and can increase their experience by selling business insurance. CLCS also has comprehensive knowledge about writing commercial lines. A commercial insurance agent should aware of the risks imposed on businesses to become a better insurance producer.

3. What does my policy cover?

Questioning about the insurance policy coverage is the most important. One insurance policy can cover different risks. The insurance policy that covers most of the risks can be the best fit for your small business. It is not necessary that one policy adequately keep your business safe. More than one policy can effectively cover the needs of your business. If you are clear about what is covered, do not ignore what is not covered or what are the gaps in the insurance coverage. This will help you to understand how these gaps can impact your business. For example, flooding is not included in other types of insurance. Damage due to flood may cause a large financial burden on you. Business property coverage depends upon the deductibles, aggregate, and per-occurrence limit. You can estimate financial damage and choose your property insurance coverage limit according to the estimated cost. If the estimated cost is less than the damage that occurred, you have to pay the cost out of your pocket. The insurance agent will help you to provide the policy that can cover the potential damage. An inadequate insurance policy limit may result in a penalty so, you have to purchase an effective insurance policy.

General liability coverage is most often included in the insurance policy of small business owners that covers the medical expenses of the customer injured at your business. This will also pay the legal cost if you are held liable due to the accident at your workplace. A coverage limit is applied to this insurance policy. Business income coverage pays for lost income due to the snow, fire, or wind. For example, if a fire damages your business, this will pay for the costs of your temporary office while renovations at a damaged place are made. This insurance policy will subject to the coverage limit and time limit. This means that coverage will last in six months. You can ask an insurance agent about limits to be sure.

The property coverage will replace the loss to the business's property including building and equipment against covered perils like fire, snow, and wind. Error and omissions coverage helps you to replace loss due to the unintentional mistakes made by you or your staff. Data breach coverage helps you to pay for certain expenses due to the data breach like legal costs, credit monitoring services, and informational material for customers. Commercial auto coverage helps protect the vehicles used in the business. This ensures you get back on the roads after a loss due to accidents. Employment practices liability insurance covers the legal cost of a lawsuit against you or your employee. This type of coverage is provided against the issues like discrimination, sexual harassment, wrongful termination,

violation of family and medical leave act, and deprivation of career opportunities.

4. What affects my insurance cost?

You should ask insurance agents about the factors that can affect the cost of your insurance policy. Commercial insurance can vary from business to business. The cost of the insurance mainly depends upon the risks in a business. Following are the factors that can affect insurance cost but you can talk to insurance agents to lower the cost.

Type of business: The cost of insurance depends upon the type of business. There is more risk in the businesses like construction and manufacturing. Construction workers, janitors, and manufacturers have costly general liability insurance because they work on other's property. The risk of incurring liability for the injury will be higher for security guards than for accountants. So, the cost of insurance policy for businesses providing accounting services will be higher than those providing security services.

Location of business: Areas with greater climatic hazards risks have high property insurance premiums. Climatic hazards including floods, wildfire, and snow increase the risk of property damage, and risk will ultimately increase the insurance cost. Locations at lower climatic risks have a lower cost of property insurance.

Your history of insurance claims: Insurance companies look at your claim history to decide the cost. If a business owner has a higher number of claims or has been sued many times for the mistakes in the services provided by his business, the insurer may charge a higher premium from him.

Years in the business: If you have a well-established business, you will be charged less. Businesses with no solid track record pay more to buy an insurance policy.

5. How can I submit a claim?

After discussing different insurance policies, their coverage and, cost, you can ask about the procedure of claim submission. Insurance policy claims are the requests made by the policyholder to insurance companies or agents after a loss occurs. The policyholder demonstrates the loss and then the insurance agency investigates either it has happened or not. The insurance company covers the expenses after confirmation. You can follow these steps to claim insurance.

- You should have a record of the damage that happened to your business. Physical damage can be easily demonstrated by police reports and through pictures. If the claim includes physical injury or property damage, you should immediately contact to appropriate authorities and police if needed. Without police reports, criminal activities like theft are not paid for by insurance companies. Documentation of liability claims is not easy. You should have a record of the incident in case of a lawsuit. Business owners should have a proper system for recording incidents that can turn into claims.
- After recording damage, business owners should take steps to mitigate the damage. You should try to protect the property from further loss. Subsequent loss after initial damage is not paid by insurance companies. You should start repairing to reduce further damage. Start getting bids for major repair without waiting for an insurance claim.
- Now review your insurance policy to check what they cover. Every policy already has outlined damages that they cover and exclusions that they do not cover.

- After deciding to file a claim, notify the insurance company. Those incidents where you cannot afford to pay for damage are the right time to file the claim. The insurance company can charge a high premium to business owners who have already filed multiple claims.
- You should avoid filing the claim if the repair cost is less than deductibles and if you think that claim would not be accepted due to any reason. You should notify the insurance provider as soon as practically possible. You can simply call them or apply through online claim management if available.
- Prepare documents for the claim because liability and property claims require different documentation. Liability claims require witness statements, repair bills, medical bills, contracts, emails, change orders, and meeting notes. Documents that establish the value of loss are required in property claims.
- Adjusters are sent by insurers for the inspection of damages. They gather the information about the business owner and assess the damage. They also determine the amount that the insurance company should pay to the policyholder.
- An insurer can accept or deny the claim in one month. If they deny, they must inform in writing. Insurance companies must send payment in one month and the business owner should sign acknowledgment after receiving payment.

Category

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