



Practical Wealth Creation Ideas

...for Simplified Financial Success™

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A Business Owner's INSURANCE CHECKLIST

Managing risk is a survival strategy businesses can't ignore. Start-up firms and smaller companies are

especially vulnerable to risk because they often lack big company sophistication and in-house risk-control expertise. Some risks are potentially devastating and therefore must be insured against; others are less menacing. Shop around for a competent commercial insurance agent or broker who can advise you on how to handle risk in cost-effective ways. A number of insurers offer relatively inexpensive packaged policies for home-based offices. Features include: crime coverage, liability, property, valuable papers, and extra expense—all in one policy.

Here's an insurance checklist:

Life. Everyone with financial obligations to others needs appropriate life insurance: to pay off the mortgage, educate the kids, provide income for a spouse or a disabled dependent.

Disability. The need for disability insurance isn't always well understood. Think of it as income replacement in case you get hurt or sick. It's usually included in the benefit packages of large firms. Employees of small firms and associations shouldn't miss out. Owners of smaller businesses may be able to negotiate a group package or purchase individual disability plans for themselves and/or key employees.

Disability insurance isn't cheap but shouldn't be ignored. Chances are far greater you will spend three months or more off work than die before age 65.

Key man. Such life policies are designed to cover the loss companies might suffer through the untimely death of a key individual (a research chemist, say, whose unique knowledge of a new process gives the firm a competitive edge).

Liability. These days \$2 million is regarded as the minimum needed for commercial/general liability insurance. It protects you if a visitor falls and is hurt on a slippery sidewalk, or if you drop a cup of hot coffee in a visitor's lap. Office policies don't cover product manufacturing or distribution.

Property. You need coverage in case your office burns down and your furniture and equipment, including computers, need replacing. You can also insure intangible property including customer lists and computerized records.

Business Interruption. Covers the additional expenses you would incur if you had to re-establish a home-based office as a result, say, of fire. It pays for any extra advertising expense, new phone hook ups and all the other services needed to function. It's designed to avoid income loss and get your business back into operation as quickly as possible.

. If you use a vehicle for business be sure to insure it specifically for that purpose or your insurer may reject any claims you make. Generally, you will pay a modest extra premium for automobiles used for business, depending on your driver's record, type of car and the territory where it's being driven. Investigate fleet rates if you operate several vehicles.