

Business Insurance: Protect Your Livelihood

Satisfaction and pride are an integral part of business ownership, as is a responsibility for the livelihood of all persons dependent upon the business for income. If the business fails because of an unforeseen event or disaster, everyone suffers. Adequate business insurance helps a firm, small or large, survive a host of perils. The following paragraphs provide insight on avoiding a business failure in the face of disaster.

Who needs Business Insurance?

Anyone operating any size business has an obligation to protect both the physical assets of the business and the income stream of everyone involved in it. Many circumstances can hinder or put a stop to regular operations. Sufficient insurance would prevent a total loss of livelihood for all concerned. People affected by a disaster might include:

- [Business Owners](#)
- Partners
- Shareholders
- Investors
- Customers
- Employees

Types of Business Insurance

There are as many distinct types of businesses as there are individuals who run them. The common thread is their dependence on the steady flow of trade for success. Various insurance policies are available to accommodate every need. Among those are:

- General business insurance – broad coverage including home businesses
- Income Protection Insurance – covers up to 75% of income if a sole proprietor, [independent contractor](#) or small business partner cannot work
- Professional Indemnity – safeguards against litigation over advice
- Property Insurance – protects physical assets
- Farmers Insurance – includes coverage for farm-related losses
- Product Liability – in case a product causes injury or damage
- Building or Engineering insurance – construction-related cover
- Public Liability – covers expenses related to public safety

What are the Risks?

Depending on the goods or services provided, business risks can be minimal or complex. An individual building websites for a living faces different problems than does the aviator, chocolatier or mechanic. A partial listing of the possible risks includes:

- Fire, flood, storm or earthquake
- Vandalism or burglary
- Destruction of vehicles
- Loss of goods in transit
- Equipment losses
- Inability to conduct business due to injury or illness
- An accident on the property
- Blockage of access to the property
- Loss of rent income
- Loss of data
- Lawsuits
- Lost profits due to a shut-down

How does Business Insurance address these Risks?

Sufficient [business insurance](#) makes it possible for a firm to recover losses and return to the level of profitability it benefited from before the disaster occurred. Cover should include three main areas: assets, liability and income. Depending on the business, cover may need to include:

- The expense of restoring or replacing assets such as buildings, equipment, tools and vehicles
- The cost of replacing inventory
- The impact of a hindrance to accessibility of the property
- Dependence on key persons
- Dependence on key resources, like vendors and public utilities
- The possibility of personal injury in the course of conducting business
- The cost of a loss of wages for employees
- Costs related to temporary relocation
- advertising expenses
- Expenses related to accidents involving vehicles
- The cost of hiring help to handle additional administrative needs
- Expensive debris cleanup
- Continuation of payment of outgoing expenses
- Legal fees
- Consultation expenses and professional fees
- Compensations to employees

What can be Expected

In many cases, one policy will not cover every possible threat. As a general rule, insurance coverage should offer protection from losses caused by anything from natural disasters to crime scene investigations. Income streams should be protected from the moment an event occurs to the time when business is back to normal, as if the incident had not occurred. The Indemnity Period limits the total amount of time the business is allowed to request cover for. This is established at the time the policy is taken out. Replacement or recovery expenses will be predetermined based on declarations made when the policy is drawn up and on any updated information available to the Insurance provider prior to the problem. Potential gross profit will be determined by the performance of the business prior to the occurrence that caused operations to cease. Outgoing expense payments that continue even when the business is not generating income should also be taken care of.

Keeping Premiums Affordable

Operation of a business can be costly but the possibility of a complete failure as a result of being underinsured is a great threat. In the best case scenario, adequate insurance can also be affordable. Some ways to keep premiums down include:

- Identifying the most crucial insurance needs
- Improving safety
- Taking out multiple policies with the same provider
- Taking security precautions
- Locating in an area less prone to peril
- Asking for higher deductibles
- Avoiding trade within risky markets

Choosing [business insurance](#) may seem a little overwhelming, but really is as simple as understanding unique business risks. Any questions should be answered by an agent prior to taking out the policy. An adequate amount of coverage will ensure that everyone involved can continue profiting from the business and enjoy peace of mind.

Courtesy of www.business-insurance.com.au