

Life Guide Protecting Your Business



Launching and growing a business takes lots of hard work and determination. Without proper insurance coverage, however, a business risks being severely damaged or even destroyed when disaster strikes. This guide was designed to help you evaluate the types of insurance coverage your business may need.

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Types of Business Insurance

While the specific types of insurance you should consider depend on the type of business you operate, the different types of business insurance fall into these general categories:

- Property Insurance:** If your business owns and uses property in the course of conducting business, that property can be lost or destroyed through, for example, fire or theft. Property insurance protects not just buildings, but also the items used in conducting business operations, such as office furnishings, machinery, supplies and computers. In addition, specialized types of property insurance can be used to provide operating funds while the business recovers from an insured loss.
- Liability Insurance:** A business can be sued for causing third party bodily injury or property damage. Liability insurance pays damages up to the insured limits, as well as attorney's fees and other costs associated with a legal defense. Liability insurance is also available to protect against lawsuits alleging libel or slander, to provide errors and omissions coverage, to protect officers and directors of your company if they are sued as a result of performing their duties and to protect against liability as a result of employment practices, such as discrimination or sexual harassment claims.
- Business Auto Insurance:** Business auto insurance covers vehicles owned by a business and used for business purposes, such as cars, trucks and vans. The coverage also pays the costs of third party bodily injury or property damage for which your business is legally responsible. If you or any of your employees use your own vehicles for business purposes, discuss with your agent whether your personal auto insurance policy will provide coverage if the vehicle is involved in an accident.
- Workers' Compensation Insurance:** Workers' comp insurance requirements are determined by state law. Most states require that a business with more than a stated number of employees purchase workers' compensation insurance that pays the costs of an employee's work-related injuries, as well as replaces a portion of wages lost due to injury or death in a work-related accident.
- Business Owners Policy (BOP):** A business owners policy or BOP is an insurance package that generally provides coverage insuring against property damage, business interruption and comprehensive general liability. It is generally more cost effective to purchase multiple coverages bundled into a single policy than to purchase them separately. Please note, however, that a BOP policy does not provide all of the insurance protection your business may need, such as business auto, professional liability, life and disability insurance.
- Life Insurance:** Life insurance proceeds can be used to help reimburse a business for the loss of a key employee's services at death. Life insurance can also be an effective way to fund a buy-sell agreement between multiple business owners, or to help surviving family members continue a business at the owner's death.
- Disability Insurance:** Some states require businesses to provide some level of short-term disability benefits replacing a portion of an employee's wages if the employee is sick or hurt and cannot work. On an optional basis, a business can also provide disability benefits for a longer duration, after the short-term benefits run out.

Managing Premium Costs

There are a variety of ways in which you can keep your business insurance premiums as low as possible, while still providing adequate coverage.

- Select an agent** who is willing to spend the time to understand your business and work with you to get the best overall coverage for your insurance dollar.
- Do not overinsure.** Make an inventory of all business property before deciding on the amount of property insurance you need. Also, you can save on premiums if you elect coverage that insures the actual value of your business property (replacement cost minus depreciation), instead of replacement value coverage.
- Consider a higher deductible.** A deductible is the amount of any loss you will pay before the insurance coverage begins. The higher the deductible, the lower the insurance premium. Pick the highest deductible you can comfortably afford in the event of a loss.
- In the case of disability insurance, consider a longer elimination period.** The elimination period is the time from when the accident or illness occurs to when disability benefits begin. Evaluate the period of time for which your business could comfortably continue a designated portion of a disabled employee's income when selecting the elimination period. Remember, the shorter the elimination period, the higher the disability insurance premium.
- Get several quotes** for the desired coverage.
- Purchase a package policy,** such as a business owners policy (BOP).
- Practice loss mitigation procedures.** Loss mitigation involves taking steps to prevent losses. For example, your insurance premium may be less if you have a sprinkler system installed in your business. You may also save money on premiums by implementing sound employment practices designed to reduce charges of discrimination or sexual harassment. Your agent is a good source of information for loss mitigation actions.
- Practice sound risk management.** The more losses your business has, the higher your insurance premiums will be. Taking steps to avoid or minimize losses can save you money on your insurance premiums. Again, your insurance agent should be able to offer suggestions on your risk management practices.

Home-Based Businesses

If you're operating a business out of your home, it's important to understand that your personal homeowners and auto insurance policies may not cover your business activities or may not cover them in sufficient amounts to indemnify you for losses.

- Homeowners Insurance:** Check the coverage provided by your homeowners policy. It may set specific limits on the amount of coverage provided for business equipment and it may not cover liabilities resulting from business activities in your home.
- Auto Insurance:** Again, check your personal auto insurance concerning use of a personal vehicle for business purposes. It may provide coverage for some business use of your personal vehicle. It's unlikely, however, that personal auto insurance will provide coverage if the vehicle is used primarily for business purposes.
- Worker's Compensation Insurance:** If you have employees, check with your state office that handles workers' compensation issues to determine if you must purchase workers' compensation insurance.
- Disability Insurance:** If your home-based business contributes a meaningful amount to the family budget, you may want to consider purchasing disability insurance to replace a portion of your income in the event you are sick or hurt and cannot work.

If you determine that your personal homeowners and auto insurance policies do not provide sufficient coverage for your home-based business, here are some options to consider:

- Homeowners Policy Endorsements:** You may be able to add additional business-related coverage to your homeowners policy providing a higher limit of business property coverage and some limited business-related liability coverage.
- Home-Based Business Insurance Policy:** Check with your agent about specific insurance coverage designed for home-based businesses. This type of policy is generally inexpensive, but provides fairly limited coverage. Depending on the size and revenues of your home-based business, however, the coverage provided may be sufficient.
- Business Owners Policy (BOP):** If either of the above two options does not provide sufficient coverage, talk to your insurance agent about a business owners policy that provides broader property and liability coverage for your home-based business.
- Business Auto Insurance:** If you use a personal vehicle for business purposes with any frequency, check with your insurance agent to determine if it would be in your best interests to purchase business auto insurance.

Office-Based Businesses

A wide variety of businesses operate primarily or solely out of an office, such as employment agencies, advertising agencies, travel agencies, title companies and a variety of other service-based businesses. This type of business may find that a business owners policy (BOP) meets its needs. Talk to your insurance agent about coverage that includes:

- Property Insurance:** Property insurance covers the real estate and other property owned by your business. If you lease office space, in addition to covering business equipment and other business-related property, property insurance can also cover tenant's improvements to the premises. Depending on the nature of your business, you may also need to consider several other types of property insurance coverages. If electronic data is vital to your business, you may want to add electronic data loss coverage, which pays to restore or replace electronic data lost due to one of the perils listed in the policy. Business interruption insurance helps to pay for ongoing expenses if your business is unable to operate after a covered loss, and extra expense insurance helps in business recovery by paying for extra expenses incurred as the result of a covered loss, such as rent for temporary office space. Finally, if you have employees who typically process payments received from customers, you may want to include employee dishonesty coverage to your property insurance package.
- Liability Insurance:** A business owners policy (BOP) provides a wide range of liability coverage. Review the coverage provided with your insurance agent, however, since additional liability coverage may be advisable depending on the type of business you operate. If, for example, your business could be sued because of something an employee does or fails to do for a customer, you may want to consider purchasing errors and omissions insurance.
- Auto Insurance:** If you use a personal vehicle primarily for business purposes, your personal auto insurance policy may not provide sufficient coverage. Check with your insurance agent and, if necessary, consider the purchase of business auto insurance. You will need to purchase business auto insurance to cover any business-owned vehicles.
- Worker's Compensation Insurance:** If you have employees, check with your state office that handles workers' compensation issues to determine if you must purchase workers' compensation insurance.
- Key Employee Insurance:** If your business has one or more key employees who contribute significantly to the success of your business, you should consider whether the purchase of key employee life or disability insurance is advisable.
- Disability Insurance:** In addition to any state-mandated short-term disability income insurance, evaluate if and how your business will continue an income to you and any of your employees in the event of accident or illness.

Professional Practices

A professional practice needs much the same property coverage as any other type of business. Of particular concern to professionals, however, is professional liability coverage. Check with your insurance agent for a specialized business owners policy (BOP) that is structured to meet the needs of specific professionals, such as doctors, lawyers, accountants and others.

- Property Insurance:** Property insurance covers the real estate and other property owned by your practice. If you lease office space, in addition to covering business equipment and other business-related property, property insurance can also cover tenant's improvements to the premises. The policy may include business interruption insurance, which helps to pay for ongoing expenses if your practice is unable to operate after a covered loss, and extra expense insurance, which helps in recovery by paying for extra expenses incurred as the result of a covered loss, such as rent for temporary office space. If electronic data is vital to your practice, check if the policy offers sufficient electronic data loss coverage, which pays to restore or replace electronic data lost due to one of the perils listed in the policy. Finally, you may want to consider adding employee dishonestly coverage to protect against theft by employees.
- Liability Insurance:** Protection of critical concern to most professionals is professional liability (or malpractice) insurance and errors and omissions insurance, which provide coverage in the event you are sued for negligent acts or for errors or omissions that damaged a third party. A professional practice also needs insurance against the same liability risks faced by other businesses, such as a third party slipping and falling on the premises or a claim of libel or slander. A specialized business owners policy (BOP) provides a range of liability coverage. Review the coverage provided with your insurance agent, however, to determine if the coverage provided is sufficient or if supplemental coverage is advisable.
- Auto Insurance:** If you use a personal vehicle primarily for business purposes, your personal auto insurance policy may not provide sufficient coverage. Check with your insurance agent and, if necessary, consider the purchase of business auto insurance. You will need to purchase business auto insurance to cover any business-owned vehicles.
- Worker's Compensation Insurance:** If you have employees, check with your state office that handles workers' compensation issues to determine if you must purchase workers' compensation insurance.
- Life Insurance:** A multi-partner professional practice may want to consider the use of life insurance to fund a buy-sell agreement between the partners.
- Disability Insurance:** In addition to any state-mandated short-term disability income insurance, evaluate if and how your practice will continue an income to you and any of your employees in the event of accident or illness. Professionals should be particularly careful about the definition of disability used in any disability insurance purchased.

Retail Stores

Regardless of what they sell, retail stores typically have much in common from a risk perspective. In addition to real estate and business equipment, all tend to have inventory that needs to be protected and all face liability issues from traffic through their stores. In general, a business owners policy (BOP) can provide much of the insurance coverage needed by a retail store.

- Property Insurance:** Property insurance covers the real estate and other property owned by your business, including your inventory. BOP coverage can be designed to accommodate seasonally fluctuating inventories. If you lease office space, in addition to covering business equipment and other business-related property, property insurance can also cover tenant's improvements to the premises. Depending on the value of your inventory, you may also want to add burglary, robbery and employee theft coverage. Other coverages that a retail store may want to consider include spoilage (if your inventory has to be kept under controlled temperature conditions), food contamination (if you sell food items), mechanical breakdown (if you operate equipment that generates, transmits or uses mechanical or electrical power) and outdoor signs (which are not covered by a BOP if not attached to the building).
- Liability Insurance:** A business owners policy (BOP) covers a number of liability risk exposures faced by store owners, including the risk that a customer could be injured in an in-store accident. Protection against the liability of a customer being harmed by something you sold is also included.
- Auto Insurance:** If you use a personal vehicle primarily for business purposes, your personal auto insurance policy may not provide sufficient coverage. Check with your insurance agent and, if necessary, consider the purchase of business auto insurance. You will need to purchase business auto insurance to cover any business-owned vehicles.
- Worker's Compensation Insurance:** If you have employees, check with your state office that handles workers' compensation issues to determine if you must purchase workers' compensation insurance.
- Life Insurance:** If your retail business has several owners, you may want to consider the use of life insurance to fund a buy-sell agreement between the owners.
- Key Employee Insurance:** If your business has one or more key employees who contribute significantly to the success of your business, you should consider whether the purchase of key employee life or disability insurance is advisable.
- Disability Insurance:** In addition to any state-mandated short-term disability income insurance, evaluate if and how your business will continue an income to you and any of your employees in the event of accident or illness.

Service Providers

The risks faced by service providers have much in common with those faced by office-based businesses. Service providers, such as hair salons, photographers, barbers and repair services, however, tend to require a substantial amount of service-specific equipment. Check with your insurance agent to see if a service-specific business owners policy (BOP) is available.

- Property Insurance:** Property insurance covers the real estate and other property owned by your business. If you lease office space, in addition to covering business equipment and other business-related property, property insurance can also cover tenant's improvements to the premises. Depending on the nature of your business, you may also need to consider several other types of property insurance coverages. If electronic data is vital to your business, you may want to add electronic data loss coverage, which pays to restore or replace electronic data lost due to one of the perils listed in the policy. Business interruption insurance helps to pay for ongoing expenses if your business is unable to operate after a covered loss, and extra expense insurance helps in business recovery by paying for extra expenses incurred as the result of a covered loss, such as rent for temporary office space. Finally, if you have employees who typically process payments received from customers or you typically have high-value property on your premises, you may want to include employee dishonesty and/or robbery and burglary coverage to your property insurance package.
- Liability Insurance:** A business owners policy (BOP) covers a number of liability risk exposures faced by service providers, including the risk that a customer could be injured. Depending on the service you provide, you may also want to consider professional liability (malpractice) insurance and/or errors and omissions insurance.
- Auto Insurance:** If you use a personal vehicle primarily for business purposes, your personal auto insurance policy may not provide sufficient coverage. Check with your insurance agent and, if necessary, consider the purchase of business auto insurance. You will need to purchase business auto insurance to cover any business-owned vehicles.
- Worker's Compensation Insurance:** If you have employees, check with your state office that handles workers' compensation issues to determine if you must purchase workers' compensation insurance.
- Life Insurance:** If your business has several owners, you may want to consider the use of life insurance to fund a buy-sell agreement between the owners.
- Key Employee Insurance:** If your business has one or more key employees who contribute significantly to the success of your business, you should consider whether the purchase of key employee life or disability insurance is advisable.
- Disability Insurance:** In addition to any state-mandated short-term disability income insurance, evaluate if and how your business will continue an income to you and any of your employees in the event of accident or illness.

Contractors

Contractors face many of the risks of loss faced by other business owners, together with some risks unique to construction. Locate an agent with experience in working with contractors/small construction companies...your agent may be able to locate a specialized package of coverage that meets most of your needs.

- Property Insurance:** Standard property insurance covers the real estate and other property used in the business. It generally does not cover "movable" property...the equipment and machinery that moves from job to job. This type of property must be insured through a "floater," designed to provide specific coverage, whether it be for equipment being transported and installed at a construction site or for a contractor's movable equipment, such as loaders, excavators and cranes. A tools and equipment floater covers items such as power tools and hand tools. Finally, depending on the type of contracting work involved, builders risk insurance, which covers the value of a building during construction, should be considered.
- Liability Insurance:** Since a contractor always faces the risk of being sued by people claiming that your work did them harm, liability insurance is important to have. If you use sub-contractors, consider requiring that they carry owners and contractors protective liability coverage (OCP), which protects you against their negligent acts.
- Auto Insurance:** If you use a personal vehicle primarily for business purposes, your personal auto insurance policy may not provide sufficient coverage. Check with your insurance agent and, if necessary, consider the purchase of business auto insurance. You will need to purchase business auto insurance to cover any business-owned vehicles.
- Worker's Compensation Insurance:** If you have employees, check with your state office that handles workers' compensation issues to determine if you must purchase workers' compensation insurance.
- Life Insurance:** If your construction business has several owners, you may want to consider the use of life insurance to fund a buy-sell agreement between the owners.
- Key Employee Insurance:** If your business has one or more key employees who contribute significantly to the success of your business, you should consider whether the purchase of key employee life or disability insurance is advisable.
- Disability Insurance:** In addition to any state-mandated short-term disability income insurance, evaluate if and how your business will continue an income to you and any of your employees in the event of accident or illness.

Restaurants

While restaurants face many of the same risks as other businesses, food service businesses also face a unique set of risks. Check with your insurance agent for a package of coverages specifically designed for food service businesses.

- Property Insurance:** Property insurance covers the real estate and other property owned by your business, including your equipment. If you lease space, in addition to covering business equipment and other business-related property, property insurance can also cover tenant's improvements to the premises. You may also want to consider business interruption insurance, which helps to pay for ongoing expenses if your food service business is unable to operate after a covered loss, and extra expense insurance, which helps in business recovery by paying for extra expenses incurred as the result of a covered loss, such as rent for temporary space. When you serve food, you incur the risk of causing food poisoning or transmitting a disease. As a result, you may want to add a food contamination endorsement to your policy. Other coverages that a restaurant may want to consider include spoilage (for inventory that has to be kept under controlled temperature conditions), burglary and robbery (covers the risk of theft by outsiders), employee dishonesty (covers the risk of theft by your employees), mechanical breakdown (if you operate equipment that generates, transmits or uses mechanical or electrical power, such as refrigeration systems) and outdoor signs (which are not covered by standard property insurance if not attached to the building).
- Liability Insurance:** Standard liability coverage should protect you against most of the potential liability situations a food service business faces. If, however, you serve alcohol, liquor liability is not included in standard liability insurance. In this event, consider adding a liquor liability endorsement to your policy.
- Auto Insurance:** If you use a personal vehicle primarily for business purposes, your personal auto insurance policy may not provide sufficient coverage. Check with your insurance agent and, if necessary, consider the purchase of business auto insurance. You will need to purchase business auto insurance to cover any business-owned vehicles.
- Worker's Compensation Insurance:** If you have employees, check with your state office that handles workers' compensation issues to determine if you must purchase workers' compensation insurance.
- Life Insurance:** If your food service business has several owners, you may want to consider the use of life insurance to fund a buy-sell agreement between the owners.
- Key Employee Insurance:** If your business has one or more key employees who contribute significantly to the success of your business, you should consider whether the purchase of key employee life or disability insurance is advisable.
- Disability Insurance:** In addition to any state-mandated short-term disability income insurance, evaluate if and how your business will continue an income to you and any of your employees in the event of accident or illness.

Lodging Businesses

A lodging business typically has a substantial investment in real estate and furnishings. In addition, the risk of a guest or visitor claiming injury on your property is substantial. Check with your insurance agent for a specialized package of coverages designed to meet the needs of a lodging establishment.

- Property Insurance:** Property insurance covers the real estate, property and equipment owned by your lodging business. Other coverages a lodging business may want to consider include landscaping coverage, outdoor signs, which are not covered by standard property insurance if not attached to the building, business interruption insurance, which helps to pay for ongoing expenses if your lodging establishment is unable to operate after a covered loss, glass breakage and employee dishonesty coverage, which covers the risk of theft by your employees.
- Liability Insurance:** Standard liability coverage should protect you against most of the potential liability situations a lodging business faces. You may, however, want to add innkeeper's liability insurance, which protects you against the loss or damage of guests' personal possessions for which you are legally responsible.
- Restaurant and/or Bar:** If your lodging establishment includes a restaurant and/or bar, review the information provided for restaurants on page 10.
- Auto Insurance:** If you use a personal vehicle primarily for business purposes, your personal auto insurance policy may not provide sufficient coverage. Check with your insurance agent and, if necessary, consider the purchase of business auto insurance. You will need to purchase business auto insurance to cover any business-owned vehicles.
- Worker's Compensation Insurance:** If you have employees, check with your state office that handles workers' compensation issues to determine if you must purchase workers' compensation insurance.
- Life Insurance:** If your lodging business has several owners, you may want to consider the use of life insurance to fund a buy-sell agreement between the owners.
- Key Employee Insurance:** If your business has one or more key employees who contribute significantly to the success of your business, you should consider whether the purchase of key employee life or disability insurance is advisable.
- Disability Insurance:** In addition to any state-mandated short-term disability income insurance, evaluate if and how your business will continue an income to you and any of your employees in the event of accident or illness.

Manufacturers

While manufacturers produce a wide range of products, their insurance needs tend to be somewhat similar. Check with your insurance agent for a package of coverages specially designed to meet the needs of your manufacturing business.

- Property Insurance:** Property insurance covers the real estate and other property owned by your business, including machinery, equipment, inventory and raw materials. If you lease office space, property insurance can also cover tenant's improvements to the premises. The policy may include business interruption insurance, which helps to pay for ongoing expenses if your business is unable to operate after a covered loss, and extra expense insurance, which helps in recovery by paying for extra expenses incurred as the result of a covered loss, such as rent for temporary space. If electronic data and computer operations are vital to your business, check if the policy offers sufficient electronic data loss coverage, which pays to restore or replace electronic data lost due to one of the perils listed in the policy, and computer operations interruption coverage, which pays for lost business income and extra expenses incurred as a result of many computer problems. Finally, you may want to consider adding employee dishonestly coverage to protect against theft by employees and/or theft and burglary coverage to protect against theft by outsiders.
- Liability Insurance:** A package policy designed for manufacturers should contain a broad range of liability coverages and may be sufficient with one exception. Most policy packages exclude coverage for environmental and pollution liability. This type of coverage, however, can be added through policy endorsements.
- Auto Insurance:** If you use a personal vehicle primarily for business purposes, your personal auto insurance policy may not provide sufficient coverage. Check with your insurance agent and, if necessary, consider the purchase of business auto insurance. You will need to purchase business auto insurance to cover any business-owned vehicles.
- Worker's Compensation Insurance:** If you have employees, check with your state office that handles workers' compensation issues to determine if you must purchase workers' compensation insurance.
- Life Insurance:** A multi-owner manufacturing business may want to consider the use of life insurance to fund a buy-sell agreement between the owners.
- Key Employee Insurance:** If your business has one or more key employees who contribute significantly to the success of your business, you should consider whether the purchase of key employee life or disability insurance is advisable.
- Disability Insurance:** In addition to any state-mandated short-term disability income insurance, evaluate if and how your business will continue an income to you and any of your employees in the event of accident or illness.

Farms and Ranches

A family farming or ranching operation faces some of the same risks as other businesses, but also faces a unique set of risks from loss of crops or livestock. Check with your insurance agent for a package of coverages specially designed to meet the needs of a farm or ranching operation.

- Property Insurance:** Property insurance covers real estate, including dwellings and farm/ranch structures, household and farm/ranch personal property and agricultural equipment not designed for use on public roadways, such as tractors. Depending on your farm/ranch operation, you may want to consider additional coverages, including crop insurance, livestock coverage and a transportation floater, which covers your property while in transit to you or in transit from you to your customers.
- Liability Insurance:** A package policy designed for farmers and ranchers should protect your farm/ranch operation against claims alleging bodily injury or property damage caused by your operations or premises. Depending on your operation, you may need to consider additional liability protection. If, for example, you lease employees, you may want to add coverage that protects against the liability that arises if those workers are injured on your premises.
- Auto Insurance:** If you use a personal vehicle primarily for business purposes, your personal auto insurance policy may not provide sufficient coverage. Check with your insurance agent and, if necessary, consider the purchase of business auto insurance. You will need to purchase separate business auto coverage for any farm/ranch-owned vehicles designed for use on public roadways.
- Worker's Compensation Insurance:** If you have employees, check with your state office that handles workers' compensation issues to determine if you must purchase workers' compensation insurance.
- Life Insurance:** A farm/ranch operation may want to explore how life insurance can be used to help keep the farm or ranch in the family at an owner's death.
- Disability Insurance:** In addition to any state-mandated short-term disability income insurance, evaluate if and how your farm or ranch will continue an income to you and any of your employees in the event of accident or illness.

Internet Businesses

If your business sells its products or services over the Internet, you face a unique set of risks. Check with your insurance agent about a specialized business owners policy (BOP) designed to provide coverage tailored to the needs of Internet businesses.

- Property Insurance:** Property insurance covers the real estate and other property owned by your business. The policy may also include several other types of property insurance coverages important to an Internet business...electronic data loss coverage pays to restore or replace electronic data lost due to one of the perils listed in the policy and computer operations interruption insurance reimburses for business income lost and extra expenses incurred due to computer problems. If you have employees who typically process payments received from customers, you may want to add employee dishonestly coverage to your property insurance package.
- Liability Insurance:** While an Internet business doesn't face the liability risk of, for example, a customer slipping and falling in a store, there are still potentially substantial liability risks involved in operating an Internet business. For example, a system breach could cause private information to be compromised or someone could accuse you of libel or slander based on your Web site or other electronic communications. Talk to your insurance agent about the potential liability risks faced by your Internet business and the types of insurance coverages that might protect you against them.
- Worker's Compensation Insurance:** If you have employees, check with your state office that handles workers' compensation issues to determine if you must purchase workers' compensation insurance.
- Life Insurance:** A multi-owner Internet business may want to consider the use of life insurance to fund a buy-sell agreement between the owners.
- Key Employee Insurance:** If your business has one or more key employees who contribute significantly to the success of your business, you should consider whether the purchase of key employee life or disability insurance is advisable.
- Disability Insurance:** In addition to any state-mandated short-term disability income insurance, evaluate if and how your business will continue an income to you and any of your employees in the event of accident or illness.

Churches and Non-Profit Organizations

Churches and non-profit organizations may own property that needs to be insured and which can be the target of liability lawsuits. Check with your insurance agent about the possibility of purchasing coverage specifically designed for churches and non-profit organizations.

- Property Insurance:** Property insurance covers any real estate and other property owned by your church or non-profit organization. If you lease space, property insurance can also cover tenant's improvements to the premises. Depending on the size and activities of your organization, you may also want to consider several other types of property insurance coverages. If electronic data is vital to your organization, you may want to add electronic data loss coverage, which pays to restore or replace electronic data lost due to one of the perils listed in the policy. If your organization has employees who have access to funds received from donors, you may want to include employee dishonestly coverage in your property insurance package. Finally, theft and burglary coverage is available to protect against the theft of property by outsiders.
- Liability Insurance:** A church or non-profit organization is just as vulnerable to lawsuits as businesses are. Liability insurance covers the risks of parishioners, volunteers, clients, donors or visitors being accidentally injured on your premises or while doing the work of your organization off the premises. Coverage is also available to protect your organization against the risks of someone suing for libel, slander, discrimination or sexual harassment. Liability insurance can generally be designed to cover just the unique risks faced by your organization.
- Auto Insurance:** Individuals using their personal vehicles on business for a church or non-profit organization are covered by their personal auto insurance policies. If, however, your church or non-profit organization owns vehicles, they will have to be insured by a business auto insurance policy.
- Worker's Compensation Insurance:** If your organization has employees, check with your state office that handles workers' compensation issues to determine if you must purchase workers' compensation insurance.

Disclosure Information

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