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September 1, 2016

What Insurance Does Your Small Business Need?

When you're growing a small business, the exciting part isn't usually the administration. Setting up the payroll system, figuring out taxes and buying insurance is not why you went into business. That said, one bad uninsured incident could bankrupt you. Fighting a lawsuit or covering a loss isn't cheap, and most small businesses can't withstand that kind of financial pressure. It's important to make sure you're protected for losses or claims that you can't afford to pay on your own.

Here are some small business insurance policies to consider:

Workers compensation insurance

This policy, [mandated in all states](#) but with different requirements, covers workers who are injured during their employment. It provides medical costs and some lost wages, and prevents the employees from suing you for the injury.

Business owner's policy

Just like your home insurance covers your house in the event of fire, storm damage and the like, a business owner's policy protects your business for similar claims. This broad policy, sometimes called commercial property insurance, also covers the aftermath of property destruction. An all-risk policy should provide payment for the financial costs of a business interruption, damaged computers, lost income and the physical structure. Make sure the policy has a general liability clause, or you'll need to buy it separately. General liability provides protection for accidents, like slip and falls.

Home-based insurance

If you're running a home-based business, don't expect your homeowners' insurance or umbrella policy to apply. You'll need either a separate policy or a rider on your homeowner policy. Talk to your insurance agent about the best option for your home-based business.

Professional liability insurance

You might know this insurance as errors and omissions insurance. This business policy is for malpractice claims and negligence claims. While it's a smart business decision to have this insurance, some professions require that practitioners carry it.

Product liability insurance

If you're selling products, you need product liability insurance. Any claim, even one without merit, can bankrupt your company. A defective product can injure someone, and of course food products can cause illness.

Health insurance

With the Affordable Care Act, businesses with 50+ full time equivalents (FTE) working more than 30 hours a week need to provide health insurance or pay a government fine. But even if you employ fewer than 50, you might want to consider subsidizing employees' health insurance. Yes, it will cost you something, but it's a benefit that many employees want and it will help you attract and retain better workers. Plus, employees with health insurance will focus more on work, worried less about their finances and health.

Insurance companies carry many specialty insurance products you may want to consider, like crime insurance, specialized liability coverage, contractor's insurance and products geared toward specific industries, like restaurants, stores and manufacturers. It's best to sit down with an insurance agent before starting your business, and as it continues to grow, to ensure that you're insured for all possible losses.

<https://www.dealstruck.com/resources/business-insurance/>