

Insurance

Minimize financial risks by protecting your business and personal assets from unexpected events and disasters.

Why does business insurance coverage matter?

Most small business owners are heavily invested in their businesses with time, effort, and often, personal savings. No one needs the added stress of worrying about unforeseen or uncontrollable events that could drastically affect the operation of the business. Business insurance coverage takes the worry out of losing life's work due to a disaster, accident or some other unexpected event. Choosing to purchase an insurance policy or bundle of coverage can help you focus on managing and growing your business with confidence despite today's ever-changing and sometimes risky environment.



Two out of five businesses have suffered a business interruption loss in the last five years¹



Four out of ten small businesses have experienced a property or liability claim within the last 5 years²

Top small business claims²

#1	Burglary & theft
#2 (tie)	Water & freezing damage
#2 (tie)	Wind & hail damage
#4 (tie)	Fire
#4 (tie)	Customer accident

Key actions to take:

Evaluating your business risks and selecting the insurance you need protects you and your business.

- **Understand the types of insurance available:** Business insurance typically falls into two categories: property and liability coverage. Property coverage is just that: insurance that covers the buildings and structures (if owned) and equipment used to operate your business. If you lease your facility, your landlord will typically handle insurance on the actual building. However, that insurance won't necessarily cover any equipment or inventory your business owns, which is why your business should have its own business property insurance policy.

Liability coverage can be purchased for specific categories, such as professional and product liability. At a minimum, though, a general liability policy is recommended for all businesses to provide a basic level of protection from issues arising during the normal course of business.

A *Business Owner's Policy*, or BOP, is a convenient option designed especially for smaller businesses with less than 100 employees. A BOP covers the most common risks to small businesses by combining *property, liability and business interruption* (coverage which replaces your lost revenue if the business shuts down due to an emergency or disaster) insurance, all in one policy. Other coverages can be added to the policy depending upon your business needs. Common additional coverage includes:

Commercial auto insurance — if your company uses automobiles or trucks within the business.

Key person insurance — a life insurance policy on key executives or managers, held by and paid for by the

company to cover lost revenue, productivity or transition costs.

Workers compensation insurance — insurance for employees who are injured on the job.

Data breach insurance — protection against loss or theft of sensitive data.

Errors and omissions (E&O) insurance — protection for professional advisory and service-providing individuals from bearing the full cost of defending against a negligence claim.

You should seek help from advisors like attorneys or business insurance brokers to understand the protection you have and the risks you need to consider.

- **Evaluate your risk:** Do you own or rent your facility? Will customers visit you, or will you deliver to them? Does your business require specialty equipment? Do you deal with sensitive data? Is there a fire hazard in the work you perform? Risks will vary with business types. Take a critical look at your business, considering worst case scenarios such as natural disasters, accidents, unexpected events, even legal actions or harm to others, then structure your insurance requirements around those risks.

Home-based business — Some homeowner's policies may cover a standard amount of business equipment, but most actually exclude coverage for home-based businesses. Separate business policies as discussed above are best to protect you and your business.

- **Consider business type:** Business legal structure may affect your insurance needs. A corporate or LLC structure has more limitations on personal liability built into the business structure than a sole proprietorship business. Companies with directors or other executives may find it necessary to protect the company against actions by individual officers.
- **Review federal, state and local regulations:** Companies with employees may be required by law to provide certain employee benefit coverage, typically *workers compensation and disability* insurance, depending upon location. *Healthcare* coverage requirements also require study and advice to keep up with the best options for your company in an area that is highly dynamic. Other regulations and requirements also depend upon location. Businesses located near the coast or in flood zone areas, for example, may be required to purchase additional *flood or wind and hail* policies.
- **Review insurance policies regularly:** As your business changes and grows, your insurance should grow with you. Review policies on an annual basis to verify that your insurance coverage meets your current needs.

Click below for additional resource:

[Protect Yourself from Unseen Dangers and Disasters](#)

Review this SBA guide to understand types of business insurance

How can SunTrust help you?

- Drop by your SunTrust branch
- Call us at 800.752.2515
- Visit suntrust.com/bizbestpractices

¹ 2017 RIMS Business Interruption Survey, The Risk Management Society (RIMS), 2017.

² SunTrust conducted research with 532 small business owners ranging from \$100,000 to \$2,000,000 in annual revenue during the first quarter of 2018.

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