

Introduction to a Business Owner's Policy: A Package Solution

Many small business owners purchase a business package policy called a "BOP" or a business owner's policy. A BOP typically includes property insurance, business interruption/continuation insurance and liability insurance. Often it is a less costly option for small businesses than buying a set of individual policies. Many insurers customize BOPs for specific types of businesses.

However, a BOP *does not cover* professional liability (liability claims arising from wrongful practice by professionals), auto insurance, workers' compensation, health or disability insurance – all of which need to be purchased separately.

Not all businesses qualify for a BOP. For example, a factory or jewelry store would probably not qualify for a BOP. Those businesses – because of their unique risks – usually require more customized coverage than what's included in a standard BOP.

A home-based business or a company with only a few employees may start out with a BOP and then expand its coverage as it grows.

Tips and Considerations for Reducing Business Risk

As a small business owner, you can take steps to minimize risk in the workplace, thereby helping to lower your insurance premiums. Here are some tips that could benefit your business, employees, customers and clients:

- Install fire and security alarms.
- Plan and train employees for an emergency on the premises, such as fires and evacuations.
- Have employees keep wallets and other personal items in a secure place. Keep the business' cash and other valuables in a safe.
- If employees work with machinery, provide goggles, gloves and other recommended safety gear to help prevent injuries.
- Keep office space in good physical condition. Maintain carpeting and railing on stairs. Make sure telephone and computer wiring is in good working condition and does not create any hazards.

- If your employees operate a company car, make sure they have clean driving records and are trained properly.

Tips and Consideration for Lowering Property and Liability Costs

- Review all insurance policies annually and note any changes that may affect your coverage costs. For example your premiums could be impacted by the addition or reduction of employees, clients product offerings or inventory; alterations to your building; or changed state regulations.
- Find out how plans differ to make sure you are purchasing the best policy for your particular business and at a competitive price.
- Claim a tax deduction for your premiums on fire, casualty and burglary insurance.
- Avoid purchasing overlapping policies. Read the terms carefully to make sure you are not covered for the same item in two separate policies. This type of policy examination also helps you ensure that you are not missing crucial coverage in other areas.

To help with claims processing: Document all your business assets, and keep detailed records of all your insurance policies, as well as copies of premiums you've paid and any documents concerning losses and recoveries.

About DISB

The D.C. Department of Insurance, Securities and Banking, also known as DISB, has two missions: to fairly and efficiently regulate financial services in order to protect the people of the District of Columbia; and to attract and retain financial-services businesses to the District. Visit us online at disb.dc.gov.

Updated June 3, 2014