

Disaster Planning for Small Businesses

Review and Update Your Business Insurance in Case Disaster Strikes

Tornado. Wildfire. Winter melt. Hurricane. Flood. Across the country, springtime can bring all kinds of potentially damaging weather. Now is the time for small business owners to get prepared for the possibility of disaster by reviewing their business insurance needs and policies. Because you never know when disaster will strike, here's a checklist to help you prepare.

General Planning

» Is your business ready for disaster?

- Do you have an emergency response plan for employees and customers?
- Do you have copies of important papers and information stored off site?
- Does the information include: receipts, photos, insurance policies, contact details for your agent or company, employee roster, etc.? These documents will assist you when you file a claim later.

» Minimize your insurance risks by:

- Installing fire and security alarms.
- Planning and training employees for emergencies on the premises, such as fires and evacuations.
- Having employees keep wallets and other personal items in a secure place. Keeping the business' cash and other valuables in a safe.
- Keeping office space in good physical condition.

» Review your insurance needs and your current policies.

- Are your policies up-to-date with your insurance coverage needs and are the limits for each coverage at a level that protects your investment?
- If you question the types of insurance your business needs, find out more about your options at Insure U for Small Business [here](#) or at <http://www.insurance.insureuonline.org/smallbusiness/>

Business Interruption

Business interruption insurance covers lost earnings due to circumstances stated in your policy – such as fire or hail – that shut down your business for an extended period. Business interruption/continuation insurance covers expenses associated with running your business, like your payroll and utility bills, based on your company's financial records. Business interruption/continuation may also help pay for the extra expenses to keep your business in operation until you recover.

A few things to check in your Business Interruption/Continuation policy:

- What perils – or covered occurrences – are listed in your policy?
- What expenses are covered and is the limit adequate for the amount the policy will pay out?

- Benefits under this kind of coverage may not be payable for a certain number of days after the business interruption has occurred. Check to see if your policy has a waiting period and make sure you have sufficient funds to tide you over for that time.

Liability Insurance

Liability insurance, also called Commercial General Liability (CGL), covers four categories of events for which you could be held responsible: bodily injury; damage to others' property; personal injury, including slander and libel; and false or misleading advertising.

» Here are a few things to know about your CGL when preparing for a disaster:

- There are three types of legal damages people may sue you for that are typically covered by a CGL: policy compensatory damages, general damages and punitive damages.
- Medical payments are generally a separate coverage section of a CGL policy and generally have a separate stated limit. If a customer is hurt on your premises – whether you are responsible for the injuries or not – your medical payment limit is the amount your policy will pay for their immediate care and treatment. Check your medical payment limits and decide if this amount is enough for your needs. If not, you might consider raising your medical payment limits.
- A commercial umbrella liability policy provides extra protection above a standard CGL policy. This kind of policy will increase the amount of liability paid per incident and sometimes cover commercial automobile and workers' compensation. An umbrella policy will have its own terms and limits, so make sure to review it to see when it kicks in over your standard CGL policy. Small business owners may want to consider an umbrella policy if they are worried about protecting their personal assets or the assets of their business from lawsuits.
- Premiums for your CGL may be impacted by the addition or reduction of employees, clients product offerings or inventory; alterations to your building; or changed state regulations. If any of this has changed, you may want to talk with your insurance agent or company to reevaluate your policy and premiums.

Workers' Compensation Insurance

Workers' compensation insurance protects a business owner from claims by employees following a work-related injury or illness. It generally covers an employee's medical expenses, rehabilitation costs and lost wages. Companies located in the District of Columbia are required to carry workers' compensation insurance if you have one or more employees. Contact the D.C. Department of Employment Services at 202-671-1000 with your questions about specific workers' compensation requirements in the District.

Use this checklist to help keep your workers safe:

- Is the office space in good physical condition? Is there anything that would impede workers from taking shelter or evacuating in an emergency?
- Review emergency procedures with your employees.
- Comply with safety requirements that can limit work injuries.
- Understand the terms of your workers' compensation insurance policy. If you have questions about the situations covered by the policy, contact your insurance agent or company.

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. This information is courtesy of the National Association of Insurance Commissioners Insure U for Small Businesses.