



BUSINESS INSURANCE

WHAT YOU NEED TO KNOW TO START SELLING ONLINE

Launching a successful online business requires careful research and analysis. First, you must decide what you want to sell. It can be a product, service, concept or a combination of all three. Under the right circumstances, a talent or hobby that you are passionate about can translate into a successful e-commerce idea. Online business ventures often require ingenuity, innovation and expertise to grow.

Knowing your target market helps determine how to advertise your products, attract clients, and differentiate yourself from the competition. If a market appears oversaturated, focusing on providing complementary services or products to the ones that already exist can give your business an advantage.

Before starting a business, you also should research licensing and insurance coverage requirements and consult an accountant and tax attorney. If you are planning to work out of your home, be sure to know the tax implications.

In the early planning stage, you will need to locate an insurance agent who is knowledgeable about your area of operation. Ask owners of similar businesses to recommend agents. Second, you will need to discuss the details of your business, its exposures and the different types of insurance that are available to protect it. Your agent should be able to tailor coverage that is specific to your business.

The following are examples of insurance coverage that may be important for online business operators to consider. You may not need all of these coverages, and some can be bundled as a commercial package policy or business owner's policy. A bundled insurance policy could save you money. Work with your agent to ensure you have proper coverage.

COMMERCIAL GENERAL LIABILITY INSURANCE

Commercial General Liability Insurance

A commercial general liability (CGL) policy provides coverage to a business for bodily injury, personal injury and property damage caused by your business operations, products, advertisements or completed operations. A CGL policy shields your business from the expenses of out-of-court settlements, litigation or rulings awarded by the courts.

SELLER SUSPENSION INSURANCE

Online businesses depend on the internet to operate. If there is a disruption in the communication infrastructure, your business may incur substantial losses. Seller suspension insurance, or business interruption insurance, covers loss of income after a natural disaster, physical loss, or damage to infrastructure occurs. These policies also provide coverage if your website or account is suspended, closed or shut down.

EMPLOYMENT PRACTICES LIABILITY INSURANCE

Employment practices liability insurance covers you and your business against allegations of wrongful termination, discrimination and harassment claims filed by employees.

CYBER LIABILITY INSURANCE

Cyber liability insurance protects businesses and individuals from internet-based risks such as hacks and information breaches. Policies can cover first-party loss incurred directly by your company, and third-party loss such as the unauthorized access of consumers' data stored by your company.

TRANSPORTATION INSURANCE COVERAGE

Transportation insurance protects the products you sell while they are in transit to their destination. Policies usually include coverage for land, air and water transportation.

CONTENTS INSURANCE

Business contents insurance offers protection for businesses that store or manufacture their products. It protects possessions and equipment that may be damaged or stolen.

INTELLECTUAL PROPERTY INSURANCE

Intellectual property (IP) insurance offers legal protection for such things as copyright infringement of intangible property such as software, data or games. Some IP insurance policies have exclusions for goods shipped internationally.

PRODUCT LIABILITY INSURANCE

Product liability insurance covers the legal costs related to claims of personal injury or property damage caused by defective products. Businesses that manufacture, design, alter or sell products should consider purchasing a product liability insurance policy. The cost of coverage depends on the type of product and your company's position in the supply chain.

UMBRELLA LIABILITY INSURANCE

Umbrella liability insurance provides additional liability protection. It covers claims made against you that might exceed your insurance policy's liability limits. Additionally, it may provide coverage for claims made against you that are not listed under your regular insurance policies, such as slander and libel.

BOND

A bond issued by a licensed security company may be needed when a license or permit is required by federal, state or local municipalities to ensure that the services promised by a business are completed according to regulation. Common types include surety, construction, commercial, notary and contractor bonds. To determine whether a bond is needed, check with the licensing or permitting authority.

REMEMBER

Insurance gives you the peace of mind to operate your business knowing it is protected from accidents, theft, legal matters and natural disasters. The right policy, or combination of policies, helps your business overcome a situation that has the potential to drain your resources and take your focus away from your operation. Check with a licensed insurance agent or a licensed insurer to discuss your business insurance needs.

ONE MORE THING TO KNOW

You can perform an online search to locate an agent or insurer. Access the insurance licensing portal on the DISB website or contact our office to verify whether the agent or insurer is licensed or authorized to conduct business in the District of Columbia.

If you have questions about insurance, please call DISB at 202-727-8000 or visit disb.dc.gov.

MISSION

The mission of the Department of Insurance, Securities, and Banking (DISB) is three-fold: (1) cultivate a regulatory environment that protects consumers and attracts and retains financial services firms to the District; (2) empower and educate residents on financial matters; and (3) provide financing for District small businesses.

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