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Business Offices

An office is the primary or only premises for numerous types of small businesses, including, for example, employment, travel, collection, insurance, advertising and other agencies. Electronic equipment and data are vital to the operations of most such businesses. They also have the risk of lawsuits from disgruntled clients or customers.

For many office-based businesses, the most cost effective and efficient way to obtain property and liability coverage is with a Businessowners Policy [1] (BOP) especially tailored to business offices and, in many cases, offices for a specific industry. Though marketed under a variety of names, these policies typically have provisions similar to the property insurance and liability insurance sections of the BOP, with the option to add various other coverages that you may need.

PROPERTY INSURANCE

The BOP covers real estate and other property your business owns. If your business rents or leases its premises, the BOP provides coverage for tenants' improvements and betterments. These are fixtures, alterations, installations or additions that you have put into the space that cannot legally be removed from the landlord?s premises.

The BOP includes as part of the basic policy two types of coverage related to electronic data. Computer Operations Interruption Coverage pays for business income lost and extra expenses incurred as a result of many computer problems. Electronic Data Loss Coverage pays the cost to replace or restore electronic data destroyed or damaged as the result of causes of loss named in the policy. These include a computer virus or harmful code. For more coverage there are several endorsements you can choose to add to your BOP. You should discuss what electronic data your business uses with your insurance agent to assure you have the right coverages.

Coverage can easily be added to a BOP for such items as special equipment, fine arts, valuable papers and records or accounts receivable.

One coverage that can be vital to your company?s survival in case of disaster is Business Income and Extra Expense Insurance (also known as Business Interruption Insurance). Business Interruption Insurance helps pay ongoing expenses while your business is unable to function after a loss and also helps make up for lost profits. Extra Expense Coverage helps you recover as quickly as possible by paying extras expenses caused by the loss?such as rent for temporary quarters. This coverage may be included in your package policy or it may be an optional addition.

A business office typically receives and processes payments from clients or customers, which can lead to a risk of theft by an employee. You may wish to consider adding Employee Dishonesty Insurance to your coverage.

LIABILITY INSURANCE

Liability risks are part of any business endeavor. A BOP provides a broad range of liability coverages?everything from slip and fall accidents to claims of libel or slander. At the same time, there are liability risks not covered by a BOP.

Should a client or customer sue claiming to have been harmed by something you did or failed to do, Errors and Omissions Insurance is critical for defense and payment of any damages.

BUSINESS VEHICLE INSURANCE

Your personal auto policy probably provides coverage for some business use of your vehicle. A personal auto policy is unlikely to provide coverage, however, if the vehicle in question is used *primarily* in business. It will not provide coverage for any vehicle owned by a business. For those vehicles you must have a business auto policy.

Should you be driving your personal auto for a business purpose and get into an accident for which you are liable, an injured person could sue you personally. Will your personal auto policy have enough coverage to pay all the damages? If not, a lawsuit may be filed against your business. If you use personal vehicles for business, you want to be sure you have high enough limits to protect your business. You should discuss this with your insurance agent.

WORKERS COMPENSATION INSURANCE

States have varying rules about when an employer must provide workers compensation insurance. If you have three or more employees, you should check with your state department of workers compensation to see if you are required to provide workers comp insurance.

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