

# Insurance options for green businesses

## Business Insurance

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Across the country, businesses are choosing to go green. In addition to helping the planet, environmentally friendly practices and facilities can enhance the reputation of a business and lower its energy and water costs. Businesses are also encouraged to go green by government tax credits and other incentives.

While environmentally friendly buildings and equipment can provide numerous benefits to businesses, they also add costs and risks. Insurers have responded by offering policy options to protect a business's investment in going green.

## Green endorsements for commercial property insurance

Traditional commercial property insurance covers replacement or repair of damaged property, using similar materials to the original construction, or basing repayment on the value of the original equipment or building. But what if you want to go green when repairing or replacing insured property or equipment? Most standard policies will not account for this scenario, unless the policy has wording that specifically recognizes and covers the increased cost of green materials. However, several insurers offer green endorsements—add-on components—to

commercial property policies. These green endorsements include coverage for:

- **Green Materials and Equipment**—A green endorsement on your commercial property insurance will cover the higher cost of environmentally certified materials and equipment—even if your original property and equipment were not green certified. Some policies will also specifically enable you to elevate your building to green certification when you rebuild.
- **Green Construction and Related Costs**—Covers costs for green design and engineering, recycling, certification fees and other costs.

Ask your insurance professional about other potential coverages that may be available. For instance, green rebuilding can take longer than traditional construction, so you may want to consider extending the time frame of your business interruption coverage. You may also need to upgrade your commercial property insurance if you add new environmental features to your building or operations, such as installing a vegetative roof to your building.

## Green insurance continues to change

Building green means a smaller carbon footprint and higher energy efficiency, but an added benefit is improved safety and resilience to withstand windstorms and other weather-related events.

While green endorsements on a commercial policy may cost more, having a green building in conjunction with improved building codes (which enforces impact-resistant windows, hurricane shutters, reinforced doors and roof straps) could ultimately protect your property from being badly damaged or destroyed in a future weather-related disaster.

Your business may also be able to save on insurance as a result of other green initiatives. For instance, some auto insurers have begun to offer personal auto insurance discounts for hybrid and electric cars. Similar discounts may be available for your commercial vehicle policy.

Because green insurance options continue to evolve, you may want to ask your insurance professional about green coverage and potential savings during your annual insurance review.

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