

What does a business owners policy (BOP) cover?

Insurance companies selling business insurance offer policies that combine protection from all major property and liability risks in one package. (They also sell coverages separately.) One package purchased by small and mid-sized businesses is the businessowners policy (BOP). Package policies are created for businesses that generally face the same kind and degree of risk. Larger companies might purchase a commercial package policy or customize their policies to meet the special risks they face.

BOPs include

1. Property insurance for buildings and contents owned by the company -- there are two different forms, standard and special, which provides more comprehensive coverage.
2. Business interruption insurance, which covers the loss of income resulting from a fire or other catastrophe that disrupts the operation of the business. It can also include the extra expense of operating out of a temporary location.
3. Liability protection, which covers your company's legal responsibility for the harm it may cause to others. This harm is a result of things that you and your employees do or fail to do in your business operations that may cause bodily injury or property damage due to defective products, faulty installations and errors in services provided.

BOPs do NOT cover professional liability, auto insurance, worker's compensation or health and disability insurance. You'll need separate insurance policies to cover professional services, vehicles and your employees.

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