5 types of business insurance and why you need them.



Starting your own company involves a lot of risk. That's why having the right business insurance is so important — it gives you a safety net for that leap into entrepreneurship. Here are five types of business insurance you'll want to consider, and how they can help your company succeed.

1. Businessowner Insurance.

This is the overall policy that will cover your building, inventory, accounts receivable, and liability for injury caused by your employees, products or services. It will also cover replacement of lost income for a limited amount of time (Patriot's policy will replace lost income for up to 12 months). That means if a loss makes it impossible for you to do business normally (for example, a storm damages your building), you'll still be getting income to see you through.

Some businessowner policies are tailored to your industry or type of business. For example, Patriot offers businessowner insurance specifically designed for retail stores and service, distributors, offices and construction.

2. Business Auto Insurance.

A businessowner policy does not include coverage on vehicles used for business, and for some

businesses this is critical. Whether you provide company vehicles for your sales force or delivery vans for your products, work can grind to a halt when vehicles break down or are damaged. Coverage can vary, but most policies cover vehicle damage, driver injury or injury to others in an accident, and damage to others' property caused by the vehicle. (Patriot's policy also covers legal fees and court costs for covered claims.)

3. Equipment Breakdown Coverage.

Your businessowner policy covers damage to your building and equipment from outside forces — storms, fire, etc. However, it doesn't cover damage due to internal causes like power surges, mechanical breakdowns or operator error. For that, you need equipment breakdown coverage.

Almost every business relies on some kind of equipment, whether it's as basic as an oven in a bakery or as complex as robots for manufacturing. Equipment breakdown coverage helps you get up and running as quickly as possible after something goes wrong. It will also cover losses of products that spoil due to the breakdown; for example, if a restaurant's refrigerators malfunction and stored foods must be discarded.

4. Employment-Related Practices Liability Coverage.

Settlements in employment-related claims can total more than a million dollars — a devastating blow to most businesses. Employment-related practices liability coverage will protect your business against claims of discrimination, harassment, wrongful termination, and other allegations; it covers both defense and settlement costs. Patriot's coverage also gives you access to a comprehensive, state-specific support website.

5. Professional Liability Insurance.

Sometimes called "errors and omissions" coverage, this type of insurance is most important for contractors and manufacturers. Even though your business strives for the utmost quality and safety in your work, employees are human and mistakes get made. Professional liability coverage covers damages from these mistakes or replacement of defective products. For instance, if a contractor installs the wrong color carpet in a home, the costs of purchasing and installing the correct carpet would be covered by professional liability insurance.

Almost every business needs a standard businessowner policy. Depending on the type of work you do, your company may need anywhere from one to all four of the other coverages. Protecting your business in advance from breakdowns and liability could be the difference between struggle and success for your company.

A local, independent agent can help you determine which coverages are most critical to your business. You can find an agent here.