

EVERYTHING  
YOU NEED TO  
KNOW ABOUT

# Small Business Insurance



# Get the right insurance for your small business with the help of this comprehensive guide.

You've worked hard to make your dream of owning a small business come true. But the planning and preparation doesn't stop after your business is launched. As a small business owner, it's your job to take the necessary measures to grow and protect your business. That means having the right small business insurance in place.

Here, we cover everything you need to know about small business insurance. This guide is comprehensive. Navigate to the sections most relevant to you, or download this guide to read at a later time.

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# How Much Does Small Business Insurance Cost?

Small business insurance protects the assets, income and property of your business. But how much does small business insurance cost? Every company has unique insurance needs, which means the average cost of small business insurance can vary for each particular business. The best way to determine your small business insurance cost is to work with your **Farm Bureau agent**, who will spend time getting to know you and your specific operation to customize your coverage and tailor a plan to your business.

Without adequate insurance coverage in place, your business is at **increased risk of income loss** from potential threats, such as:

- Natural disasters
- Fire
- Automobile-related incidents
- Bodily injuries
- Data breaches
- Slip, trip and fall accidents

One of the biggest **financial mistakes** you can make is underestimating the cost implications of not having the right small business insurance in place.

## Factors Affecting Small Business Insurance Premiums

Your insurance premium is the amount of money your business pays toward its policy, and there are various factors that can influence your insurance premium.

One factor that affects the premium for your small business insurance policy is your **deductible**. The deductible is what you pay when you file an insurance claim. The more you are willing to pay toward a claim — or the higher your deductible is — the lower your insurance premium will be. For example, choosing a \$2,500 or \$5,000 deductible will make your premium lower than it would be with a \$1,000 deductible.

There's more to consider when selecting a deductible for your business insurance policy than the cost of the premium, though. Keep these considerations in mind when choosing a deductible for your business insurance:

- **What do you need to protect?** If you feel like you are able to handle a few smaller losses, you can choose a higher deductible and cover the cost of smaller claims from your business savings. If you are not financially prepared to take on more risk, it may be worth paying extra each year to know you have a deductible that you can afford.
- **How often do you make claims?** If you think it's unlikely that you'll need to make an insurance claim, you could take a risk at increasing your deductible.
- **What deductible can I afford?** Increasing your deductible can save you hundreds of dollars on your insurance premium. But you need to make sure you have the funds to cover the cost of your deductible in the event you need to make a claim.

When figuring out how to choose the right deductible, your agent should be able to help you compare the costs.

# Do I Need a Certain Type of Business Insurance?

As a small business owner, you may be wondering: What type of business insurance do I need? Business insurance is not one-size-fits-all, which means certain small businesses require special types of coverage. Ask yourself these questions to determine whether different **types of business insurance** are required to cover the unique needs of your business.

## Does Your Business Rely on Special Equipment?

If your business relies on point of sale systems, generators, compressors, air conditioning systems, electrical systems, boilers, refrigeration systems or has specific water needs, Equipment Breakdown coverage, offered as a provision with property coverage, covers the equipment your business relies on.

## Are You a Contractor?

Contractor coverage covers both the tools and equipment of the trade, as well as the materials you install, supplies, fixtures and temporary structures.

## Do You Run Your Business Out of Your Home?

Your standard homeowner's policy will protect you if your home is damaged, but it won't cover everything related to your business. **Home-based business insurance** can help you close those gaps.

## Does Your Business Rely on Vehicles?

If you have a vehicle used for business, business vehicle insurance can provide auto liability and physical damage coverage. Business owners have flexible options to insure the vehicles they use in their businesses, depending on the ownership and use of the vehicle. A careful review of these options will confirm your business is properly covered.

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# What Does Small Business Insurance Cover?

Each type of business insurance is designed to protect against a specific set of risks from liability to workers compensation. Here are some of the protections available through small **business insurance coverage**.

## LIABILITY INSURANCE

As the most basic business insurance coverage, liability insurance coverage for small businesses can cover your obligations and legal defense for accidents, injuries and negligence. Be careful not to underestimate your need for business liability insurance — it's a **common myth** that small businesses or businesses with a low risk of injury don't need liability coverage. The most frequent accident to a business with customers on premises is slip, trip and fall accidents.

## PROPERTY INSURANCE

This type of coverage **protects your property** if it is damaged or destroyed due to fire, storm or theft. One of the most common mistakes business owners make is undervaluing their building, business personal property and/or inventory. Establishing correct property limits to rebuild your business following a loss is a crucial step in creating your insurance program. Most businesses experience peak seasons and need to plan for fluctuations in the coverage needs.

## WORKERS COMPENSATION INSURANCE

**Workers compensation** pays for lost wages and medical care for employees who are injured while on the job. Most states require employers with more than a certain number of employees to have workers compensation insurance, though this law varies from state to state.

## UMBRELLA INSURANCE

This coverage picks up where your standard liability insurance policy limit leaves off, offering you **a broader umbrella of protection**.

## DATA BREACH COVERAGE

Data Breach coverage can help monitor, prevent and resolve cyber attacks, loss of personally identifiable customer information and data ransoms against your business.

# Do I Need Key Person Insurance?

**Key person insurance** is life insurance taken out on a key or important person in your business. **Replacing a key person** requires time and money, and unexpectedly losing that person could leave your business vulnerable. Key person coverage can protect your business against losing a key person to death.

As the business owner, you'll identify who the "key people" are to your business. This is anyone who your business depends on, and without him or her your company could be financially threatened.

The business then purchases a life insurance policy on those individuals, pays the key person insurance premiums and is listed as the beneficiary on the policy. If that person were to pass, the business would receive the death benefit from the policy to help pay for expenses and keep the business going.

If your business relies on key people to keep its operations running, key person business insurance may be a valuable protection for your business.



## WHAT QUESTIONS SHOULD I ASK MY SMALL BUSINESS INSURANCE AGENT?

Whether you already have business insurance coverage in place or are looking for new coverage for your business, it's important to talk to your **Farm Bureau agent** to make sure you get the right coverage for your needs. Here are **five business insurance questions** to ask your agent.

### 1. Do I Have the Right Commercial Coverages?

From property insurance to liability insurance to umbrella coverage, make sure your coverage meets the unique needs of your business.

### 2. How Much Coverage Do I Have?

Review building valuations, other property limits and liability limits to make sure your policy limits will adequately cover your business.

### 3. Should I Increase My Deductibles?

Your agent should be able to quote different limits and help you decide which deductible is best for you.

### 4. Are New Coverages Available?

Ask your agent about new policy enhancements or endorsements for coverage that might add additional layers of security.

### 5. Are Discounts Available?

Discuss whether there are any discounts you could qualify for now or in the future.

## HERE FOR YOUR BUSINESS

Farm Bureau is here for your business. Contact your local **Farm Bureau agent** today to make sure you have the right insurance to protect your business.



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