

Business Owners Policy:

Packaged for Convenience

Most businesses seek two major types of insurance coverage—**property** and **liability**. Property insurance covers damage to or loss of your business property, and liability insurance covers the cost of defending and settling a lawsuit as a result of damages caused by you or your business. Many small businesses choose to combine these coverages under a package policy known as a **business owners policy**, or **BOP** for short. The BOP combines coverage for property and liability, and it usually adds coverage for loss of income, all in a *single* package.

Generally, the BOP package provides small businesses with comprehensive insurance coverage at a lower cost than individual policies for property, liability, and/or loss of income. Additional coverage for property, liability, and/or perils otherwise excluded (such as flood protection) can be purchased separately or as endorsements to a standard BOP policy. Your insurance professional can help you decide which policy or policies are appropriate for your particular business and situation.

Coverage Specifics

Typically, a BOP covers business property that is exposed to risks such as fire, smoke, hail, wind, theft, vandalism, and some forms of water damage (for instance, from leaking roofs or broken pipes). Insurable property includes buildings, office furniture and equipment, machinery, inventory, signs, glass, and tenant improvements to the building (if you happen to rent or lease).

Liability coverage of a BOP, on the other hand, includes accidents that cause bodily injury to other people, accidents that cause damage to other people's property, and personal injury such as libel, slander, wrongful eviction, invasion of privacy, false arrest, or advertising related copyright infringement.

If your business has to slow down or close because of repairs to damaged areas due to property loss, the loss of income coverage of a BOP can help replace your lost profits, in addition to paying essential expenses such as rent, payroll, taxes, etc. Additional coverage is also available to pay the difference in before- and after-loss business income for a few months, while you're in the process of regaining your customers.

Because businesses vary in nature, there is no standard policy available to cover all contingencies. For instance, restaurants, wholesalers, and automobile garages may have special needs that a standard business owners policy may not satisfy. Therefore, a frequent review of your coverage options may help you determine what may be the best choice you can make for your business.

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