

5 Insurance Policies Your Business Needs To Have

FINANCIAL E-BOOK



FIVE INSURANCE POLICIES EVERY SMALL BUSINESS OWNER NEEDS

This is the weekend you have finally decided it's time to start your own business. You've had enough of the corporate rat race and now you want to take matters into your own hands. After you determine whether you want to set up as a sole proprietor, LLC, S-Corporation, or C-Corporation, there will be a litany of items to strike off the checklist to make sure the business is up and running. One of the key areas that most small business owners ignore is getting the right type of insurance policies set up as they initiate their new businesses. Even as the business gets established, business owners often ignore getting the right type of protection in place to insulate their business in case of unforeseen circumstances. Here are five insurance policies every small business owner needs.

1. DISABILITY INSURANCE

The challenge that most new business owners don't understand is that if you show no verifiable income, you'll have no chance of getting disability insurance. This type of insurance is designed to protect your personal income in the event that you can't do the duties of your own occupation. Make sure the disability insurance you purchase covers 'own occupation' vs. 'any occupation'. In addition, ensure that you have a cost of living adjustment and a future purchase option to buy more insurance if your income goes up.

2. HEALTH INSURANCE

If you are leaving your corporate job, one of the questions is whether to continue with COBRA from your former employer or should you get an individual policy through the new federal exchange. Is the best idea to get a Health Savings Account attached to a high deductible health plan, a catastrophic insurance policy, or go for the PPO option with a lower overall family deductible?

3. BUSINESS OWNER'S POLICY

This type of policy is usually bundled in packs that would cover several different areas for a business owner. Many of these policies covers items such as property insurance, basic liability insurance, some vehicle coverage insurance, business interruption insurance, bodily injury insurance, and renter's coverage insurance.

4. E & O INSURANCE OR PROFESSIONAL LIABILITY INSURANCE

This type of policy is usually bundled in packs that would cover several different areas for a business owner. Many of these policies covers items such as property insurance, basic liability insurance, some vehicle coverage insurance, business interruption insurance, bodily injury insurance, and renter's coverage insurance.

5. LIFE INSURANCE (BUY-SELL INSURANCE)

Often, most people who make a transition into a business leave the bulk of their life insurance behind at their employer. Getting your life insurance policies in place before you leave your employer is a good idea. If you have a business partner, one important item to get squared away is setting up a buy-sell agreement to make sure that cash is in place to protect your families and the business.

There are another half dozen different types of insurance policies you will want to consider when you begin to grow your new business. Since cash flow may be tight, many new owners forego paying for these insurances to save on cash flow. However, growing your business while walking on a high wire is not the best advice. Get the right types of insurance policies in place and you will be able to focus on growing top line revenue without worrying about a time bomb ticking at your door.

