



Why an Annual Business Insurance Review is Crucial to Your Evolving Business

Most new business owners are concerned that everything is favorable for the success and safety of their business, which includes obtaining the protection of business insurance. However, longevity and success can cause complacency.

Let's say you started your business 10 years ago with just a small space and computer desk. Today, you have an office full of employees and equipment. Do you still have the same insurance policies from 10 years ago? If so, you might not realize how under-insured you've become.



Business owners need to ensure they're annually reviewing their business insurance programs. Errors happen and circumstances change, even when policies were initially obtained with care and caution. Without yearly examinations, substantial expense and risk can ensue.

It's common for small businesses to start out with basic insurances, such as commercial property and general liability policies. However, as they evolve, most find they need other types of insurance, such as:

- **Excess liability or umbrella**—covers claims exceeding your standard policy's limits.
- **Workers' compensation**—once your business reaches a certain number of employees, this type of insurance will actually be required in most states to provide payments for an employee's lost wages and medical expenses following a workplace injury.
- **Professional liability**—covers your service-provided mistakes and usually your attorney fees.
- **Auto, hired and non-owned**—protects your business should an employee cause a vehicle accident in their personal or rented vehicle.
- **Commercial auto**—coverage not under personal auto policies, such as to your business and for employees unloading and loading.
- **Employment practices liability**—coverage for HR issues, such as those related to termination, harassment, and discrimination laws.
- **Directors and officers liability**—financial protection for directors and officers should they be sued for wrongful acts stemming from performance of their duties.

continued on page 2



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continued from page 1...

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- **Employee benefits liability**—covers liability issues from an omission or error in the administration of an employee's benefits that results in the employee incurring a cost, such as a terminated employer losing benefits after not being providing with COBRA information.

Depending on your business, many of these insurances may be essential to adequately protect yourself. An annual insurance review is an ideal time to discuss these insurances, as well as your need for them, with your agent. Ensure the following elements are considered as you begin the review:

- **Revenue**—more business is good, but it also means a greater potential for liability. Have annual sales changed?
- **Property**—have you added equipment, computers, and such that would create a need to increase your commercial property policy's limits?
- **Location**—your business owner's or general liability policy could be impacted if you've added, closed, or moved locations.
- **Travel**—a hired and non-owned auto policy may be needed if your employees are frequently driving rented vehicles.
- **Employees**—have you had an increase in your workforce, turnover rate, or use of contractors? Consider employment practices liability insur-

ance for high turnover rates. Workers' compensation insurance may be a new requirement if you've added to your workforce.

- **Services**—are you offering additional services? For certain types of work, you may need additional endorsements to your general liability policy.
- **Customers**—are you serving new clients or industries? This may cause problems with your professional liability policy if you're servicing high concentrations of high-risk clients/industries.

The above answers will be different for every business and usually won't remain the same over the business's life, and that's why insurance isn't a one-size-fits-all, unchangeable product. Take advantage of these attributes and annually review your business for exposures and insurance needs. Insurance may not cover everything, but it can certainly mitigate your risks. Start your annual business insurance review today by setting up a meeting with your insurance agent to discuss the above issues and how they relate to your current insurance needs.



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