

Ask SCORE®

Keep Insurance Coverage Current

An investment in small business insurance protects everything you've done to make your business successful. However, the policy you purchased when you were starting out might not be sufficient for your current needs, or the direction your company is heading. Review your insurance coverage periodically to ensure that you're truly getting the most out of your monthly payments, and that you're prepared for all valid risks.

Start with a full assessment of your company's insurance needs. Business insurance safeguards your property against the consequences of fire, theft, liability and other common risks. As your business has grown, however, you may have added new services and specialized equipment that require policy endorsements or modifications.

Disaster and business interruption insurance is also becoming a must for business owners concerned about damage or a prolonged shutdown resulting from natural disasters, incidents such as a toxic spill or transportation disruption, or acts of terrorism. Though such events may be rare where your business is located, even a relatively minor event could disrupt your operations and the surrounding economy for several weeks.

Before purchasing a policy or increasing your insurance coverage, consider all the possible ways of holding down the costs. Cover the most risky and largest perils first, then work down your list of priorities. Don't purchase coverage you don't need, but also don't overlook seemingly minor risks simply for the sake of saving money. If the probability is small, the premium will be too. Use a deductible as high as you feel your cash flow and savings will allow.

Making wise insurance decisions is easier when you work with a reputable and qualified broker agent or consultant. Conducting research on your own is also helpful, but a qualified professional can make an informed evaluation of your small business insurance needs and match them with available coverage options. A search feature at www.iaaa.org, the site of the Independent Insurance Agents of America, will help you find qualified professionals in your community with special expertise in small business needs.

Note that many small business policies offer the option of adding riders as opposed to buying separate policies. That's why purchasing all of your coverage from a single agency or broker will help reduce costs. If multiple policies are necessary, make sure they cover separate risks. Otherwise, you'll be making unnecessary payments for what is essentially the same coverage.

For more guidance on business insurance matters, contact America's free and confidential source of small business mentoring and coaching - SCORE - a nonprofit association of more than 12,000 business experts who volunteer as mentors.

SCORE provides free and confidential mentoring to individuals who want to start their own businesses and to current business owners who want to find ways to grow their business and increase profits. All SCORE Volunteers are experienced business professionals. Contact the Hampton Roads SCORE Chapter to schedule an appointment or, if you are interested in becoming a SCORE Volunteer, contact us at 455-9338. Visit our website at www.scorehr.org, or email us at scorehr60@whro.net.