Ask your insurance representative if there are discounts available for these or other provisions.

Remember, there is no such thing as a dumb question, so don’t hold back!

Understand your insurance. Make it your policy.
No matter how well you plan, operating a business comes with an element of risk and unpredictability. Your commercial insurance policy should be able to provide some peace of mind, as long as you understand what you have purchased. The following questions may help guide you in discussions with your insurance representative.

While this brochure is intended to provide answers to basic insurance questions, your insurance representative is the best resource for any specific questions you may have.

**What kind of insurance do I need?**

Depending on whether your business is run from your home or rented premises, you may or may not need building coverage in the event that an insured loss causes damage. However, virtually all businesses will need some form of insurance. “Extra expense insurance” is available to cover the expenses necessary to get your business operating immediately following an insured peril or loss while “business interruption insurance” is available to compensate for the loss of income while your business is shut down following an insured loss. Most stores or offices may be covered by a policy which would include either extra expense or business interruption insurance.

**“Liability” insurance is important coverage for any business. Whether your business is home-based or not, you could be held liable for any bodily injury or property damage resulting from a business interaction. In addition, liability insurance would provide costs for your defence. If you act as a consultant or offer professional advice or services to clients, you should have “errors and omissions” (E&O) or “professional liability” coverage.**

Any vehicles used by your business will require coverage provided by an automobile insurance policy. Crime coverage protects businesses against losses from burglary, robbery and theft, while a fidelity bond protects larger businesses from employee theft. While store or office policy packs are available to most new businesses, some businesses such as manufacturers, importers, exporters or professional consultants may require specialized coverage.

Talk to a life and health insurance representative if you wish to offer health, disability or life insurance as a benefit to your employees. And don’t forget about workers’ compensation coverage. Depending on the type of business you operate, you may be required by law to participate. If not, you may wish to participate voluntarily. Workers’ compensation coverage compensates injured workers for lost income, health costs and other costs stemming from a work-related injury, employers who have it are protected from being sued by workers if they are injured on the job.

**Are there perils for which I can’t buy insurance?**

Some policies provide more coverage than others but no policy covers everything that could go wrong. Insurance is intended to protect you from loss or damage from unforeseeable events. Wear and tear, for example, cannot be insured. Losses or damage caused by acts of terrorism are unlikely to be covered by your insurer. Pollution coverage may not be available depending on your business.

**Are there circumstances under which water damage would be covered?**

Yes, but it depends on the coverage you purchased. Water damage is one of the major causes of loss. Different insurance options may be available. For example, inventory destroyed by water gushing from a broken water pipe or water entering from openings caused by an insured peril, such as wind, may be covered. You may be able to purchase sewer backup insurance, depending on your circumstances, to cover damage from water or raw sewage backing up through your drains.

**Do I have to take what’s offered?**

No. Speak with your insurance representative to ensure all possible avenues for coverage have been explored. He or she understands what options are available and can help provide you with the best selection and price. Your home is no longer based on what coverage you need, your own perception of risk and how much you can afford either in premiums or in losses that you can cover yourself.

**Will my homeowner’s policy cover my business?**

Your homeowner’s policy is not designed to adequately cover your business, regardless of how large or small your business may be. Some insurers offer an endorsement for small home-based businesses. Commercial insurance is the best option for any business. You must also advise your home insurance representative when you start a home-based business such as a daycare. Your home is no longer what it was when you originally insured it; it’s now a home and a business.

**If my business is home-based, do I need liability coverage?**

Yes. Liability is perhaps the greatest risk with a home business. Most businesses provide some product or service for which they are liable. For example, a courier may slip and be injured on your icy walkway while delivering a parcel addressed to your home business. If you are sued, you may need to pay for a treatment that your home insurance policy may not provide. Even if you have personal liability insurance, your coverage may be insufficient to meet the damages and defence.

**What is business interruption insurance?**

Depending on the policy limits you select, business interruption insurance covers what your business would have earned during the period of shutdown following an insured loss plus continuing expenses. For example, if your garage business shut down because of an insured loss, you would need to pay the income you would have expected from repairing cars during that period. Expenses you no longer have to pay while your business is closed would be covered. Alternatively, extra expense insurance is available to cover expenses to get your business operating immediately following an insured loss. For example, you may need to rent equipment or lease temporary space in order to get your business back on track.

**What does errors and omissions insurance cover?**

If you give professional advice, you need “errors and omissions insurance.” If you give a client professional advice that is inaccurate or incomplete and the client’s business suffers as a result, errors and omissions insurance will cover the damages and defence.

“Malpractice insurance” will cover you if you provide a service that goes awry. For example, a hairdresser or dog groomer may cause accidental injury to a client in case a treatment causes damage. You may also find this kind of insurance offered through professional associations.

**What is business interruption insurance? What does it cover and do I need it?**

Depending on the policy limits you select, business interruption insurance covers what your business would have earned during the period of shutdown following an insured loss plus continuing expenses. For example, if your garage business shut down because of an insured loss, you would need to pay the income you would have expected from repairing cars during that period. Expenses you no longer have to pay while your business is closed would be covered. Alternatively, extra expense insurance is available to cover expenses to get your business operating immediately following an insured loss. For example, you may need to rent equipment or lease temporary space in order to get your business back on track.

**What is a deductible and how does it affect my premium?**

The higher the deductible (the portion of a claim that you have to pay, the lower the premium (the cost of your insurance). Compare premiums with different deductibles, then decide whether the lower premium is worth the higher amount you would have to pay out of pocket if you had a claim.