Insurance for Small Business

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Section One

Introduction

About IBC

- Trade association representing Canada’s private home, car and business insurers
- Not an insurance company and does not sell insurance
- Not a regulator or government agency

Section Two

Why Insure?

Protection of Assets

Protect your business from:

- Physical loss/damage to assets (property, contents, vehicles, equipment, inventory, employees) resulting from fire, theft, explosion, vandalism, breakdown, etc.
- Loss of income in event of shutdown (business interruption)
- Liability for injury/damage occurring on business property or caused by business operation

Section Three

What type of insurance
is right for me?

A Matter of Choice

- All businesses face possibility of loss, injury or damage
- Insurance needs different for each business (e.g., a plumber’s needs vs. a jeweler's needs)
- Wide choice of policies, coverages and deductibles
- Consult your insurance representative

Types of Policies

- Two basic policy types:
  - **Named perils** – only covers loss/damage caused by perils specifically listed in the policy. Loss/damage caused by any other peril would not be covered.
  - **Comprehensive** – covers loss/damage caused by any peril, unless specifically excluded.

Business Interruption Insurance

- Purchased as add-on to existing business property insurance policy
- Covers continuing expenses or replaces lost profit, in event of a shutdown

- Three business interruption policy types:
  - Gross earnings
  - Profits form
  - Extra expense

Business Interruption Insurance

Gross earnings policy:

- Pays only until property or damage is replaced or repaired, or stock is replaced

Profits form policy:

- Continues to pay until business resumes its normal, pre-interruption level (subject to policy limits)

Extra expense policy:

- Designed for businesses that can remain operational during period affected by loss/damage

Liability Insurance

- Commercial General Liability (CGL) policy – protects from liability/damages arising from your business, property or operations
- Subject to laws on negligence
- Can cover a wide range of exposures and losses including:
  - Damages – bodily injury, damage to property of others
  - Expenses – investigations, defense costs, claim payments, etc.

Liability Insurance

- Can be included/added to a single CGL policy such as:
  - Premises and operations
  - Owner's or contractor's protective liability
  - Products or completed operations liability
  - Tenant's legal liability and employer's liability
- Separate policies cover exposures such as professional liability, automobile liability, etc.

Commercial Insurance

- Most home-based businesses lack adequate business insurance
- Business owners rely on homeowner’s policies which exclude/limit coverage for commercial activities
- Talk to your insurance representative:
  - Material change in home risk
  - Check impact of business on homeowner’s policy
  - What may be covered and not covered
  - Additional protection required?
  - Ensure that insurance representative understands your business and the level of risk

Commercial Insurance Policies

- Type of policy needed depends on type of business

Some examples:

- Accounts receivable
- Comprehensive or commercial general liability (CGL)
- Property
- Crime
- Commercial automobile
- Errors and omissions (E&O)
- Directors and officers (D&O)

Section Four

Risk Management

Risk Management: Introduction

- Understand the basics:
  - Identify risks
  - Outline risk management process
- Why manage risks?
  - Protect people
  - Save resources (people, income, property, assets, time)
  - May reduce insurance costs
  - Protect public image
  - Prevent/reduce legal liability

Four Steps of Risk Management

1. Identify risks
2. Evaluate risks
3. Minimize risks, where possible
4. Shift risks

Identify & Evaluate Risks

1. Identify risks

- Look at each asset, list each exposure

2. Evaluate risks

- Each loss exposure has two components:
  - Frequency – how often could a loss be expected
  - Severity – cost of a loss
- Your insurance representative will help you make a proper assessment

Minimize & Shift Risks

3. Minimize risks

- Implement measures to prevent or reduce losses (e.g., sprinkler and alarm systems, cash control systems, driver training programs)

4. Shift risks to others

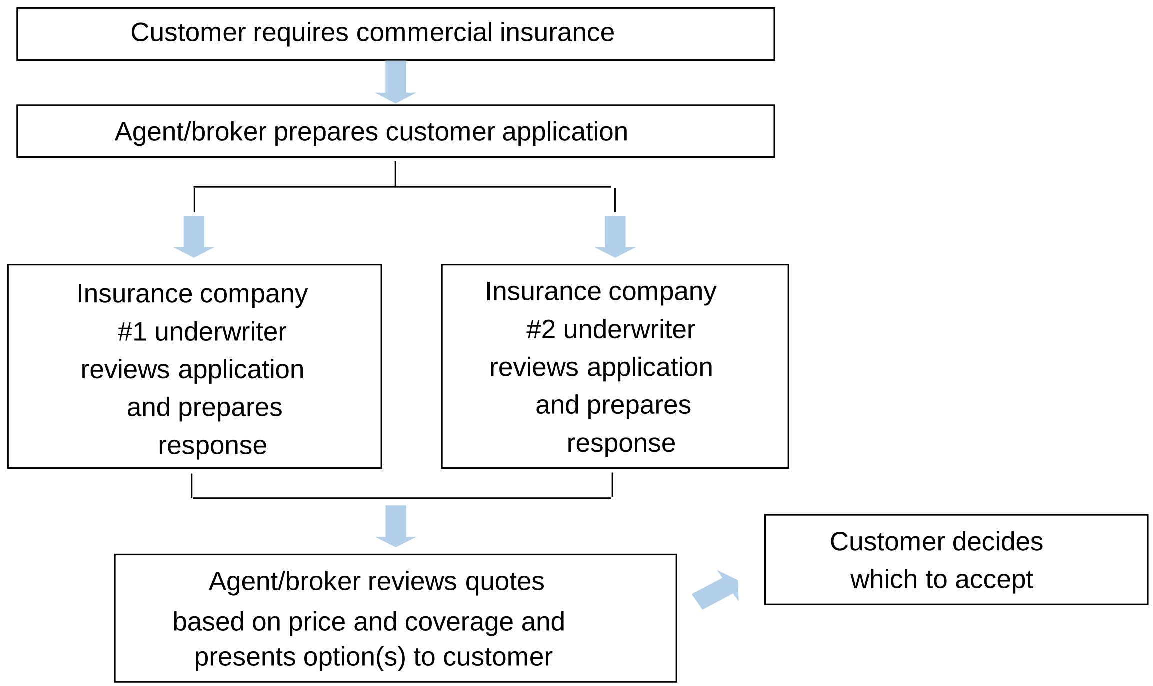
- Establish insurance program right for you

Section Five

Buying Commercial Insurance

Buying it is Easy

How it works



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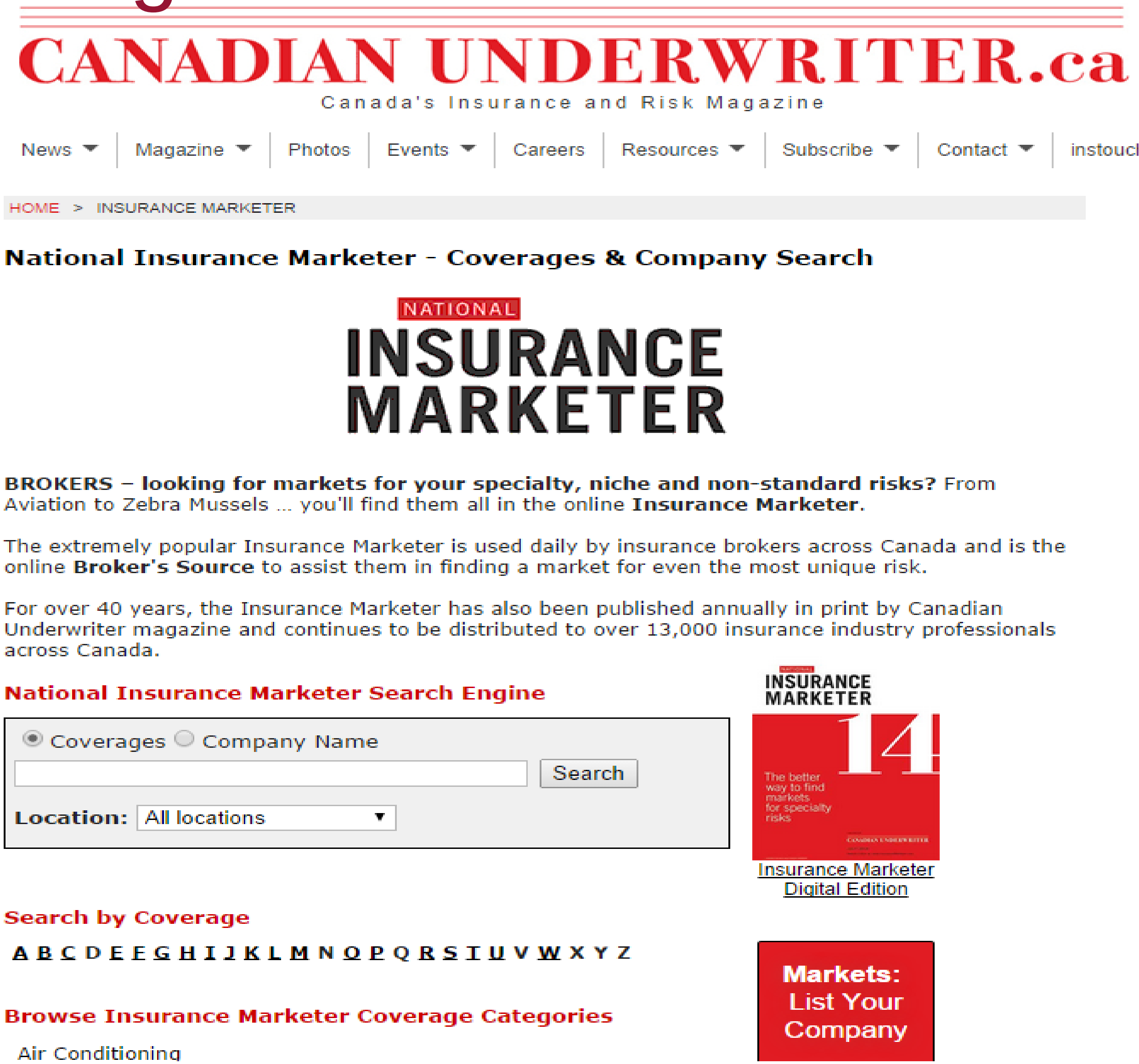
Finding an Insurer



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Product/Service Category - Wholesale, Retail, Service

Wholesale, Retail, Service

- ATM's
- Auto Dealers Showroom
- Automobile Repair Garages And Service Stations
- Building Centres
- Building Supply Stores
- Coin Dealers
- Computer Retailers Or Wholesales
- Convenience Stores
- Dealer Floor Plans
- Dental Equipment Dealers
- Equipment Dealers
- Excess Liability
- Farm Equipment Dealers
- Feed Mills
- Fine Arts
- Florists
- Foreign/USA Sales
- Furriers Block
- Greenhouses
- Jewelers Block
- Laundry/Dry Cleaners
- Motorcycle Dealers
- Nursery/Garden Centre
- Pay Day Loans
- Protective Services Industry
- Rental Equipment Dealers
- Retail Chain Package
- RV Dealers
- Safety Deposit Boxes
- Self Storage Facilities
- Specie
- US Risks

Specific Type of Business

Companies Matching: *'Wholesale, Retail, Service: Florists'*

22 companies found.

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Companies 1 to 22	Company Profile	Website	Email
April Canada Inc. - Toronto (ON)	●	●	
Aviva Canada - Scarborough (ON)	●	●	
Burns and Wilcox Canada Inc. - Toronto (ON)	●	●	●
Can-Sure Underwriting Ltd. - Vancouver (BC)	●	●	
CFSU - Toronto (ON)	●	●	
Chutter Underwriting Services - North Vancouver (BC)	●	●	●
Coachman Insurance Company - Toronto (ON)	●	●	●
Echelon General Insurance Company - Mississauga (ON)	●	●	●
Economical Insurance - Waterloo (ON)	●	●	
Elliott Special Risks, A Markel International Company - Toronto (ON)	●	●	
Great American Insurance Group (Property & Inland Marine Division) - Toronto (ON)	●	●	●
GroupOne Insurance Services Inc. - Richmond Hill (ON)	●	●	●
Intact Insurance Company - Toronto (ON)	●	●	
Northbridge Insurance - Toronto (ON)	●	●	●
Peace Hills Insurance - Edmonton (AB)	●	●	●
Plus - Universal Underwriting Managers Ltd. - Vancouver (BC)	●	●	●
RSA Canada - Toronto (ON)	●	●	
Saskatchewan Government Insurance (SGI) - Regina (SK)	●	●	●
Totten Insurance Group - Toronto (ON)	●	●	
Trans Canada Insurance Marketing - Winnipeg (MB)	●	●	
Travelers Canada - Toronto (ON)	●	●	●
The Wawanesa Mutual Insurance Company - Winnipeg (MB)	●	●	

Buying Insurance

Three Ways to Insurance:

- Brokers
- Agents
- Direct Writers

Policy Deductible

Deductible – amount a customer pays in the event of an insurance claim

- Typically, the higher the deductible, the lower the premium
- Strike balance between premium savings and claims costs
- Ask for quotes based on a number of deductible levels

Policy Limits

Limit – maximum amount a policy will pay for stated coverage

- Liability policies as well as crime, business interruption and other coverages
- Determine potential severity
- Determine what you have to protect/lose and contractual obligations
- Use peers and industry benchmarks
- Get insurance representative advice

Commercial Policy Sections

- Insurance policies are made up of several parts:
  1. Declarations
     - Basic information
  2. Insuring Agreements
     - Coverages and exclusions
  3. Policy Conditions
     - Terms and conditions

Buying Commercial Insurance

- Shop around
- Know your policy
- Provide complete information to insurers
- Advise insurance representative about key activities
- Ask about additional services provided by your insurance representative
- Talk to your insurance representative about concerns/questions

www.ibc.ca

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Questions?