



## Understanding your commercial insurance coverage and risks

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Owning rental property is full of major decisions and responsibilities. Every day brings new challenges from adhering to building requirement codes to maintaining common areas, assuring the roof doesn't leak and making sure you are covered in the event of any type of loss.

A knowledgeable insurance professional that specializes in commercial properties and business owners insurance can help you navigate and understand your coverage and risks regarding liabilities you may not be prepared for.

Your goal as an owner of property is to reduce as much potential risk as possible. This is easier said than done.

Let's say you own a strip/shopping center with a variety of tenants, one being a restaurant. That restaurant tenant working with hot grease or other flammable substances could easily increase the chance of fires and unfortunately we do not live in a perfect world and unforeseen accidents occur every day without warning!

What I am saying is, the more varied tenants, the more your risks vary and will require you to consider more diverse types of coverage. You will also want to make sure that your tenants maintain adequate coverage in order to prevent unnecessary types of claims against your policy.

Understanding these risks and customizing your insurance plan is critical to the livelihood of your business.

My suggestion is to include, but not limit the coverage that you maintain on your shopping center or strip mall to include the following:

- \* General liability coverage;
- \* Business income coverage;
- \* Property insurance;
- \* Outdoor sign coverage;
- \* Workers compensation;
- \* Umbrella coverage; and
- \* Commercial auto.

Whether you are renting out to a mom and pop type establishment or a chain of retail operations, shopping center insurance is an investment that will protect and help you and your tenants maintain the look and value of their business.

In my opinion having business interruption insurance is a must-have coverage, which could be the difference between your business surviving a great loss or falling apart. It is meant to put your business back in the same financial position it would have enjoyed but for the loss.

Here are some of my tips for purchasing business insurance to discuss with your professional insurance advisor:

\* **Assess Your Risks:** Insurance companies will determine the level of risk they will accept when they review your needs. Premiums will vary widely among insurance companies and depend on a number of risk factors. Some of these factors will include business location, building type, local fire protection services, type of business it is and of course the amount of insurance you are requesting.

\* **Shop Around:** While it is a great idea to shop your rates, a reputable broker is always a great place to start. Sometimes shopping your rate can have an opposite effect, because if a broker (who may not be right for you) inputs your information into the company database it may prevent a reputable broker from re-entering your information and therefore they may not be able to compete for your insurance needs. The right broker for you may get blocked out, so first you may want to shop for a trusted insurance professional before giving out your personal information.

\* **Consider a Business Owner's Policy:** Insurance can be purchased on a package basis called a business owner's policy (BOP). Purchasing separate policies can sometimes result in higher premiums and cause some confusion as to what you are covered for, again making the need for a reputable, licensed agent a must have.

\* **Find a Trustworthy Licensed Agent/Broker:** An insurance professional that specializes in commercial policies will have access to multiple companies that will tailor make a policy for you. Finding the right one is like finding a good lawyer or accountant. Many states provide a directory of licensed agents. Also don't be afraid to ask for testimonials, if they truly are a reputable agent their customers would have written testimonials for them.

\* **Assess Your Insurance Coverage on an Annual Basis:** As your business grows and your needs change, so do your liabilities. You do not want to be caught under insured should a loss occur. If you have purchased or replaced equipment or expanded operations, you should contact your insurance broker to discuss changes in your business and how they will affect your coverage.

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