

Protection for:

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Many risks, many coverages.

A business insurance guide

Nationwide created this guide to break down the different risks you could face in your business with an outline of the different business insurance coverages you might want to consider. We also provided you with a claims example for each coverage so you can see how it all works. Click the terms on the left to see more.

WHY US?

As the #1 total small business insurer¹ with over 500,000 small businesses insured, we offer the experience and expertise to adequately protect the business you've built.

WHAT TO DO

After you consider the information from the guide, we encourage you to talk to an insurance professional about which coverages work best for your business.



Talk to an NSBA-dedicated Nationwide agent* at 1-855-550-9208 to learn more or to receive a complimentary review of your business coverage.

* Nationwide agents specially trained on NSBA

¹ "Conning Strategic Study: The Small Business Sector for Property-Casualty Insurance: Market Shift Coming," Conning (2014) The information included is designed for informational purposes only. It is not legal, tax, financial, or any other sort of advice, nor is it a substitute for such advice. The information may not apply to your specific situation. We have tried to make sure the information is accurate, but it could be outdated or even inaccurate in parts. It is the reader's responsibility to comply with any applicable local, state or federal regulations and to make their own decisions about how to operate their business. Nationwide Mutual Insurance Company, its affiliates and their employees make no warranties about the information nor guarantee of results, and they assume no liability in connection with the information provided.

Coverage determinations are made based upon the unique facts and circumstances of each claim and the actual policy language, as well as the laws of the jurisdiction where the loss occurs. The examples are for illustrative purposes only and are not a guarantee of coverage.

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- General liability insurance
- Businessowners policy (BOP)
- Umbrella liability insurance

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General liability insurance

WHAT IS IT?

This coverage protects your business from the following:

- Claims involving injuries to others or damage to others' property resulting from your products or accidents on your premises - This policy can cover the costs of defending a lawsuit, out-of-court settlements, and legal judgments.
- Personal or advertising injury - This covers your liability for issues such as libel, slander or copyright infringement.

WHAT MIGHT A CLAIM LOOK LIKE?

A restaurant owner might purchase a general liability insurance policy to cover her business. She could file a claim if, for example, a customer slipped on a wet spot on the floor caused by a spill, sprained his ankle and sued her restaurant for the injury and medical costs. The owner could also file a claim if a customer stepped on a piece of broken glass in the restaurant parking lot and sued her for the medical costs.



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Businessowners policy (BOP)

WHAT IS IT?

A businessowners policy (also known as a BOP) is a package of common coverages. It typically includes commercial property insurance, general liability insurance and business income (also known as business interruption) insurance, which pays for lost income when your business must temporarily shut down due to an event covered in your insurance policy. Some BOPs may have some additional special coverages. Most insurance carriers provide BOPs for businesses in particular industries that are under certain thresholds in employee count and annual sales.

WHAT MIGHT A CLAIM LOOK LIKE?

An auto services shop owner might purchase a BOP for his business to cover both his property and liability. He could file a claim on the BOP if a customer slipped and fell in the waiting area and sued the auto shop for his medical costs.



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Umbrella liability insurance

WHAT IS IT?

It's hard to cover yourself for all potential liability risks. That's why umbrella policies exist: to protect you by providing coverage for certain additional liability claim-related expenses that your underlying liability insurance does not cover. It sits on top of your business auto liability, general liability and/or other liability policies to provide additional protection when the **limits** of those underlying policies are exhausted. There are two ways umbrella policies work:

- Expanding the limit of underlying liability policies - If your general liability policy offers \$1 million in coverage per occurrence or \$2 million aggregate (total), a \$2 million umbrella policy would expand those **limits** to \$3 million per occurrence or \$4 million total.
- Expanding coverage for certain events or accidents that your underlying policies do not cover. *(subject to policy limitations)*

WHAT MIGHT A CLAIM LOOK LIKE?

Let's return to the example of the restaurant owner whose customer slipped and fell or stepped on a piece of broken glass. If that customer ended up with a serious injury and the medical costs and lost wages of the injured customer exceeded the **limits** of the underlying general liability policy, the umbrella insurance policy could kick in to cover the costs above the general liability **limits**.



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Commercial property insurance

WHAT IS IT?

This coverage protects your business's building, furniture and equipment, fence and landscaping, inventory and outdoor signage. In other words, this policy can cover buildings and business property (the contents of the buildings). You can add additional [endorsements](#) to a commercial property policy for even more protection. For instance, you can add an endorsement that covers the cost of updating a damaged building to comply with current building codes if the cause of the damage was covered in your insurance policy. This is called ordinance or law coverage.

WHAT MIGHT A CLAIM LOOK LIKE?

A men's retail clothing store owner would purchase commercial property insurance to protect his building, outdoor signs and merchandise. He could make a claim if, for example, a fire destroyed his building and merchandise or if a storm damaged his outdoor signage.



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Equipment breakdown insurance

WHAT IS IT?

This coverage protects against breakdowns in equipment or machinery due to power surges, motor failure, malfunctions and operator errors. It can help pay for the cost to repair or replace the damaged equipment and your loss of business income while the machine is down. This is an important coverage to have even if you don't own your building, but it can typically be added to a commercial property insurance policy. It generally covers:

- Air conditioners and refrigeration systems
- Mechanical equipment – motors, engines, generators, etc.
- Electrical equipment – transformers, electrical panels and cables
- Computers, phones and security systems
- Boilers and pressure equipment

WHAT MIGHT A CLAIM LOOK LIKE?

A printing shop owner might purchase equipment breakdown insurance for his printing equipment. He could file a claim if, for example, a bolt came loose and damaged the printers. Equipment breakdown insurance might pay for the cost of repairs and the loss of income while the printers were down.



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Inland marine insurance

WHAT IS IT?

Despite the confusing name, inland marine insurance refers to coverage for goods, property, materials and equipment that are in transit. Originally, inland marine policies covered goods being transported specifically over water.

WHAT MIGHT A CLAIM LOOK LIKE?

A photographer might purchase an inland marine policy to cover her photography equipment, including studio lighting, lenses, cameras and accessories, as she transports it to shoot locations. She could make a claim if she was in a bad car accident that damaged some of her photography equipment while she was traveling to a park for a family photo shoot.



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Commercial auto and fleet insurance

WHAT IS IT?

Commercial auto and fleet insurance covers the vehicles you use to conduct business. Coverage includes:

- Auto liability – If you cause an accident, this covers injuries to others and physical damage to others' vehicles or property, including medical costs and legal expenses.
- Physical damage (collision and comprehensive insurance) – Collision insurance pays for damage to your vehicle in the event that you hit another vehicle. Comprehensive insurance pays for damage to your vehicle from causes other than an accident, such as theft, fire, collisions with animals or damage from storms.
- Uninsured and underinsured motorist coverage – This pays for your injuries or damage to your vehicle if you're hit by someone who doesn't carry insurance or doesn't carry enough insurance to cover those costs.

You can often expand commercial auto coverage to include [new vehicle replacement cost coverage](#), [gap insurance](#), [rental reimbursement](#) and other types of endorsements.

WHAT MIGHT A CLAIM LOOK LIKE?

A plumber might purchase commercial auto insurance for the van he uses to haul his equipment. He could file a claim if a tree fell on the van during a bad storm or if he were in a fender bender on the way to a client location.



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- Accounts receivable insurance

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Protect your profits

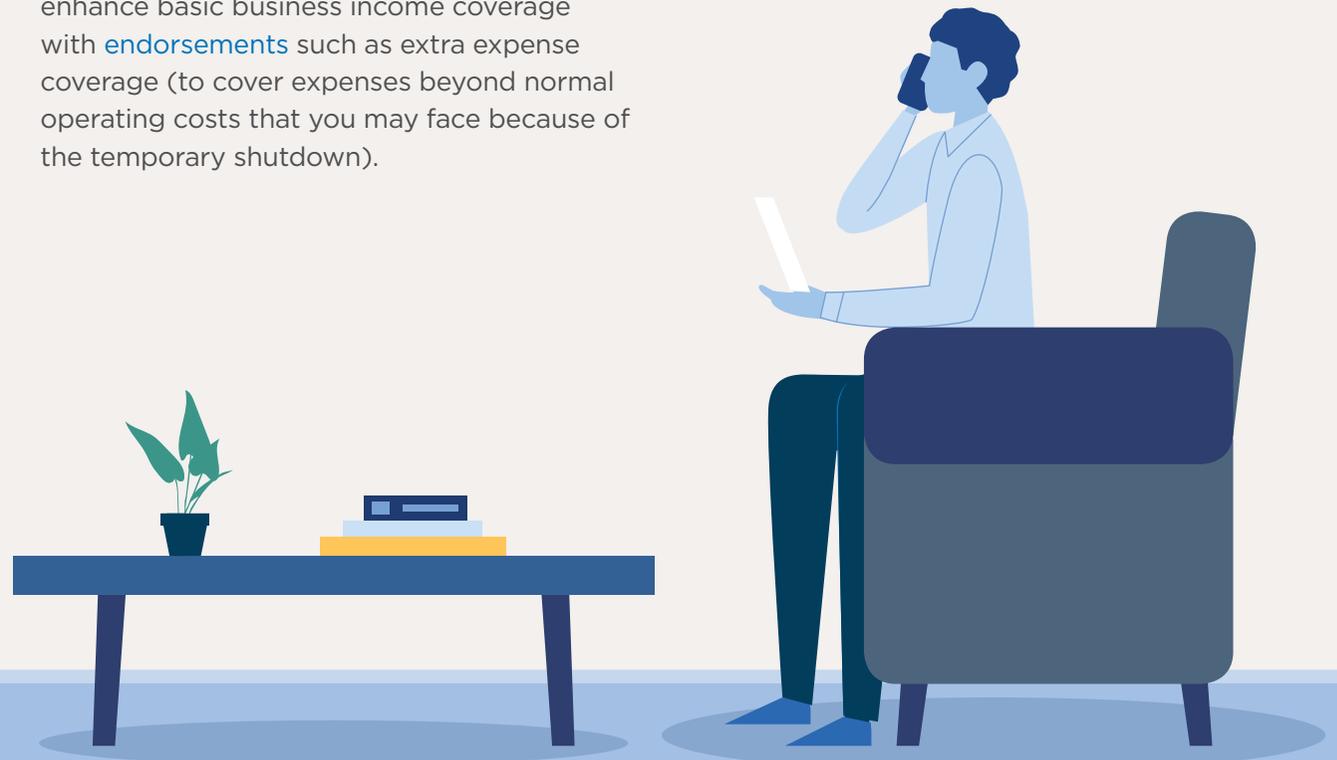
Business income (or business interruption) insurance

WHAT IS IT?

Business income insurance, also known as business interruption insurance, can activate if your business must temporarily shut down due to a covered property loss. It helps to replace lost income, pay for fixed expenses (e.g., mortgage, taxes and payroll) and pay for relocation and advertising expenses if you have to temporarily relocate your business. Some business income coverage is usually rolled into a businessowners policy (BOP). You can also choose to add it to a commercial property policy. You can often enhance basic business income coverage with [endorsements](#) such as extra expense coverage (to cover expenses beyond normal operating costs that you may face because of the temporary shutdown).

WHAT MIGHT A CLAIM LOOK LIKE?

Returning to the commercial property example, if the retail shop owner whose shop burned down in a fire also had business income coverage, he could file a business income claim to help cover his fixed costs. This may help with the mortgage on his business property and payroll for his salaried managers, while his property policy would help pay for the property to be rebuilt.



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Accounts receivable insurance

WHAT IS IT?

As a business owner, you know that cash flow is the lifeblood of your business. Just as important as protecting your physical assets is protecting the cash that is due to you. That's where accounts receivable insurance can help. It provides coverage in the event that you can't collect payment from a customer for a variety of reasons. These may include damaged or destroyed A/R records, a customer's refusal to accept your completed goods or cancellation of a contract.

WHAT MIGHT A CLAIM LOOK LIKE?

A handmade-jewelry maker could file an accounts receivable claim if she fulfilled an order for a local retail shop only to discover that the retail shop was canceling its contract with her and would not be paying her for the recently completed order.



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Protect yourself against errors

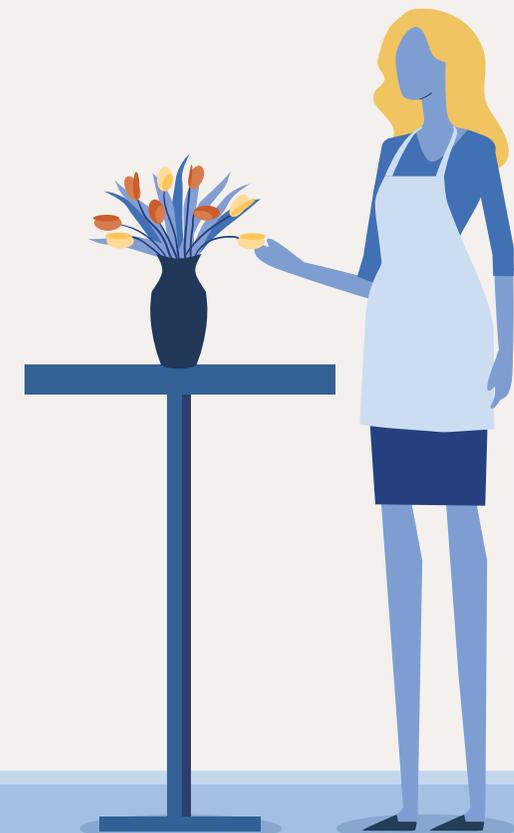
Professional liability (errors and omissions) insurance

WHAT IS IT?

General liability policies only cover claims from bodily injury, property damage and personal or advertising injury. But if you provide a service to clients for a fee and make a mistake that ends up costing your client more time and money to fix, your general liability policy won't provide coverage. Errors that result in a personal loss to your client are covered instead by errors and omissions insurance. This type of insurance shields you from customers' claims, even if a claim is thrown out of court. You still accrue legal fees and other related expenses defending yourself.

WHAT MIGHT A CLAIM LOOK LIKE?

A florist might have professional liability insurance on her businessowners policy. She could file a claim if, for example, she delivered an incorrect flower order for a wedding, causing the wedding party to claim damages against her.



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- [Product and completed operations liability insurance](#)
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Hired and non-owned auto liability insurance

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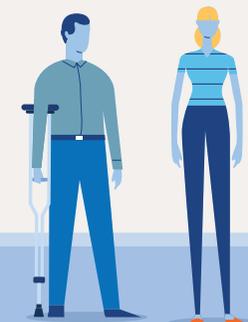
Sometimes, your employees aren't driving the company-owned car. For example, a salesperson might hop in his personal car to drop off a product sample, or an assistant might run to the airport to pick up a client. If either employee gets in an accident along the way, your commercial auto insurance wouldn't cover the accident, but the business could still be held liable. That's why it's important to have hired and non-owned auto liability insurance. It can protect your business in case of an accident in a non-company-owned vehicle while it is on a business-related errand.



Product and completed operations liability insurance

WHAT IS IT?

This type of insurance covers you for injuries to others or damages to others' property that occur away from your physical business location but are caused by your products or your work. This is what makes it different from general liability insurance, which protects you against bodily injury and property damage claims when they happen on your business premises. For example, a flooring contractor could be sued if a customer tripped on what he claimed was improperly installed flooring in his home and was injured. This type of coverage also differs from errors and omission coverage because it protects you against bodily injury and property damage claims, whereas errors and omissions insurance protects against personal injury claims — such as financial loss.



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Protect yourself against accidents and third-party claims

Directors and officers liability insurance

WHAT IS IT?

Directors and officers (D&O) insurance protects against lawsuits aimed at a company's board of directors or officers for bad decisions or wrongdoing that results in harm or loss. These can include a breach of fiduciary duty, employment practices or HR issues, or violations of laws or regulations. Directors and officers can be held personally liable, so the consequences of these types of claims in the absence of D&O coverage can be severe.



Liquor liability insurance

WHAT IS IT?

Liquor liability insurance is an excellent means of protecting your business if it sells or serves alcohol. Your business can, in fact, be held liable for the actions of someone who drinks too much at your establishment and proceeds to injure themselves or others. Liquor liability protects you against these claims and lawsuits.



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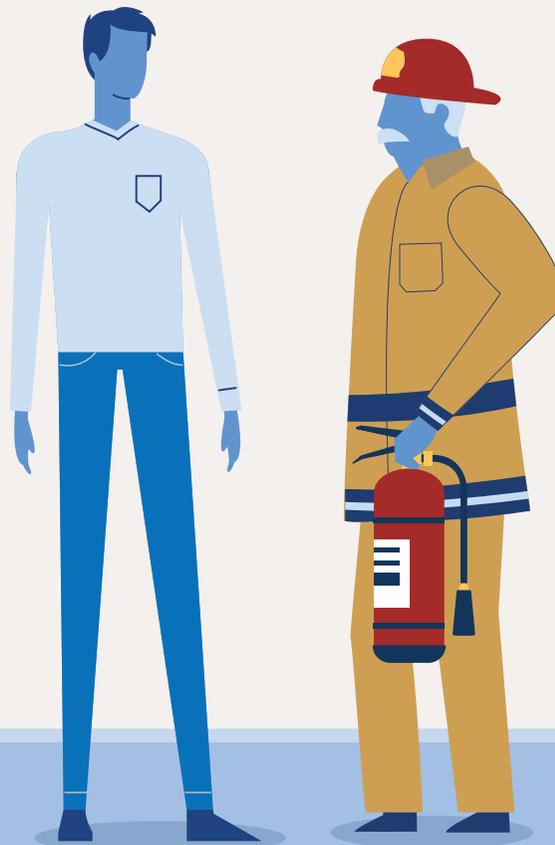
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Protect yourself against accidents and third-party claims

Fire legal liability insurance

WHAT IS IT?

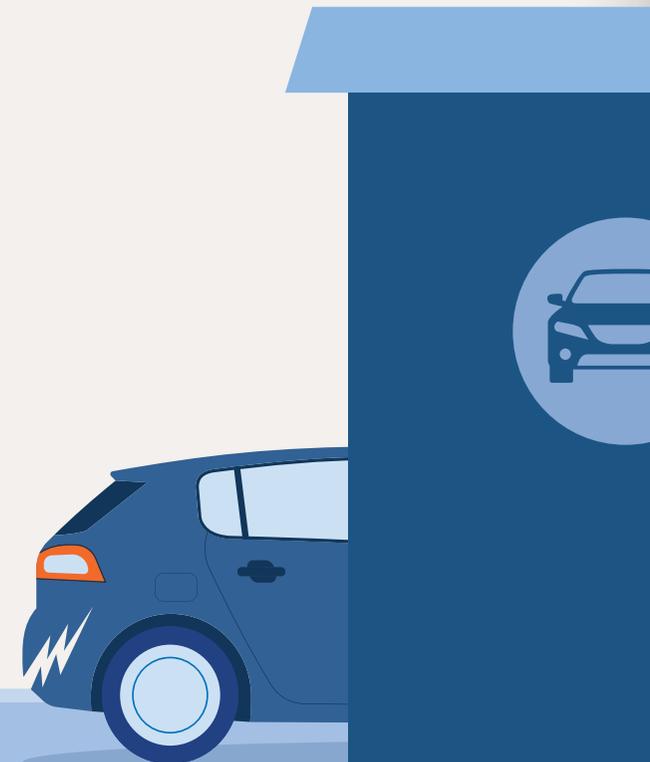
You might purchase fire legal liability coverage (often on your general liability policy) if you are renting or leasing your business space. Fire legal liability can be used if there is fire damage to the building and you were unintentionally at fault for the fire.



Garage keepers liability insurance

WHAT IS IT?

This type of liability policy applies to auto services businesses. It covers an auto shop in the event of physical damage to a customer's vehicle during the course of regular business operations. A related coverage, garage liability insurance, protects an auto services business from damages caused by the operation of a vehicle.



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Workers' compensation

WHAT IS IT?

Workers' compensation insurance pays the medical costs and replaces a percentage of wages for employees who are injured or become ill on the job. It is a required coverage in all states except Texas, although laws and requirements vary by state.

WHAT MIGHT A CLAIM LOOK LIKE?

Workers' compensation claims can vary greatly. The majority of cases are minor, such as cuts or sprains that can be treated by local urgent care centers and do not result in employees missing time from work. A smaller number of workers' compensation claims are due to severe injuries that can require surgeries and extensive rehabilitation, such as a heavy piece of equipment falling on an employee in a manufacturing facility. When you have a workers' compensation policy, your workers are covered for all of it.



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Employment practices liability insurance

WHAT IS IT?

Employment practices liability insurance (EPLI) provides coverage for you in the event that an employee sues you for discrimination, wrongful termination, harassment or other employment-related issues. EPLI typically also comes with free online support, including sample HR forms and policies, links to federal and state resources, and web-based training on employment claims.

WHAT MIGHT A CLAIM LOOK LIKE?

Businesses can be at risk for an employment-related lawsuit even before they hire an employee. For example, an attorney may decide not to hire a mature female paralegal candidate, hiring a younger male candidate instead. The paralegal candidate could sue the attorney for the hiring decision, alleging discrimination based on sex or age — or any other protected class, including race or disability. EPLI could help cover the defense costs.



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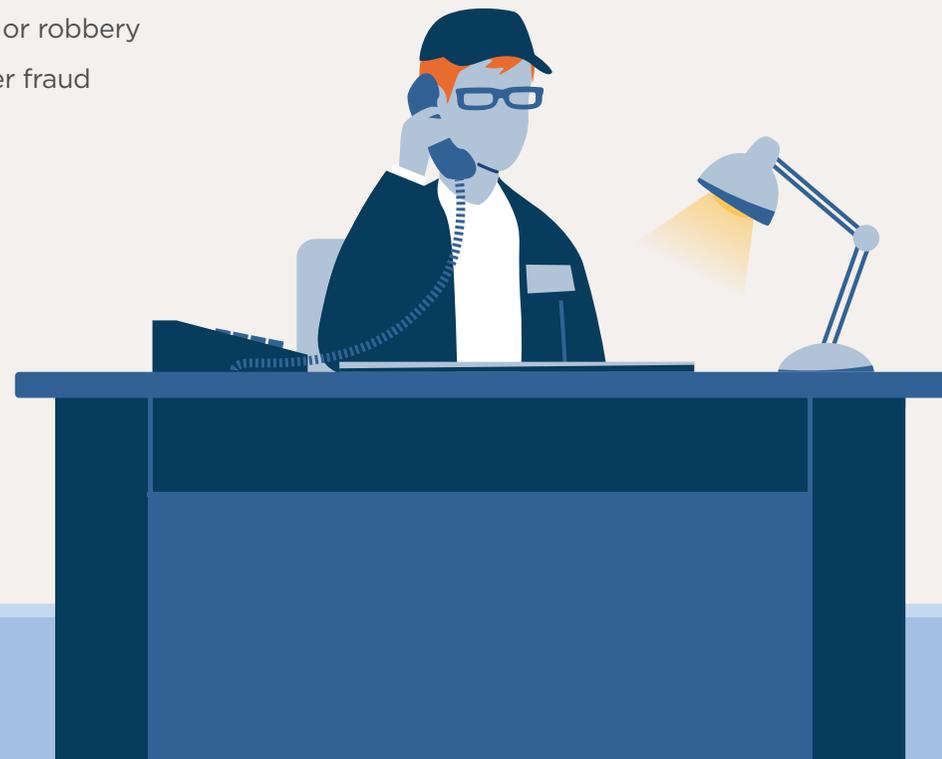
WHAT IS IT?

A commercial property policy doesn't usually cover losses from criminal acts. That's why you may want crime insurance as well. Crime insurance comes with a variety of optional coverages that can help protect you from various misdeeds against your business. Depending on the type of crime coverage you have, it could help protect you from losses due to:

- Employee dishonesty or theft
- Forgery
- Money and securities theft
- Burglary or robbery
- Computer fraud

WHAT MIGHT A CLAIM LOOK LIKE?

A hardware store owner notices a discrepancy in his business bank account. After further investigation, he finds out that one of his managers has been siphoning off cash for the past year when bringing the deposits to the bank at night, resulting in a fairly substantial financial loss. If the store owner has crime insurance, he could make a claim to recover those losses.



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Protect your communications devices, data and network

Inland marine

WHAT IS IT?

Inland marine policies typically cover goods in transit. These include computers, servers and laptops, as well as communications equipment (cell phones, for example). If you are traveling with any of these devices, you may want to consider inland marine insurance.

WHAT MIGHT A CLAIM LOOK LIKE?

An independent consultant travels often with her laptop as well as a second monitor that she sets up at client sites. She could make a claim if, for example, someone broke into her car while she was parked at a gas station en route to a client site and stole her laptop and monitor.



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Cyber liability

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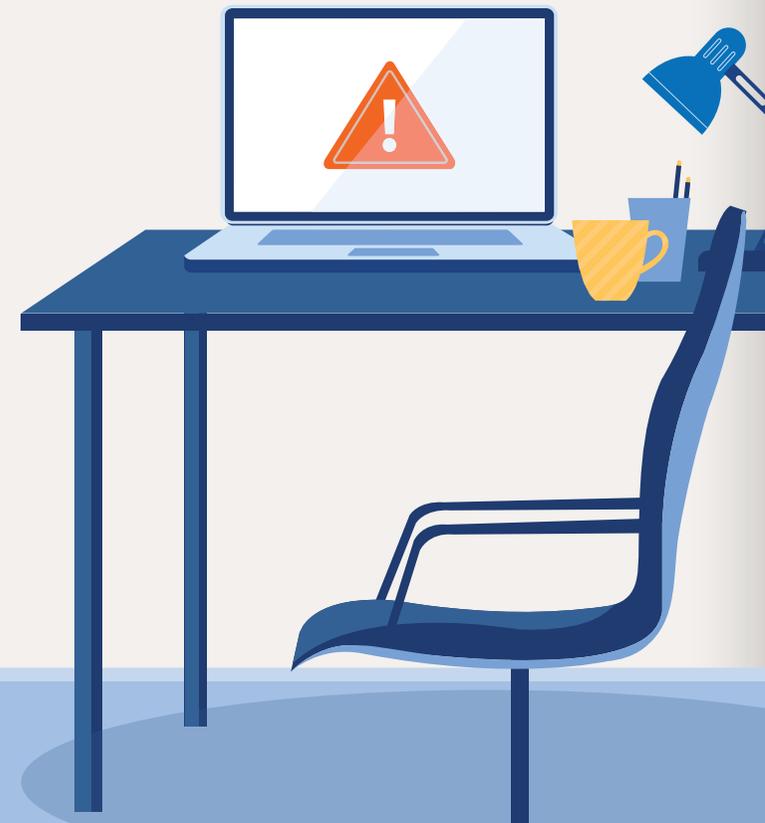
Cyber liability insurance is increasingly important as data breaches and other cyber crimes become more frequent and damaging. Cyber liability insurance typically covers expenses and losses associated with a data breach of sensitive information. It can help with:

- Compliance with state breach notification laws
- The cost of notifying customers about the breach
- Expenses associated with investigating the cause of the breach, determining whether the attack is still live and looking for damage or corruption to software or hardware
- The cost of restoring the personal identities of customers or suppliers affected by the attack
- The cost of recovering data and repairing damaged computer systems

Cyber insurance generally also comes with free online support for preventing and responding to data breaches, including resources, training and templates for data breach response plans.

WHAT MIGHT A CLAIM LOOK LIKE?

A furniture and home accessories retail store's customer data, including credit card information, is breached and stolen, exposing the store's customers to potential fraud. If the retail store had cyber liability insurance, it could help pay for the cost of notifying customers, investigating the breach and restoring customer information.



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ENDORSEMENTS

Also known as a rider, an endorsement is a provision or addition to an existing insurance policy that changes the scope or terms of the original policy. Often, it is used to broaden or enhance coverage.

NEW VEHICLE REPLACEMENT COST COVERAGE

If you purchase a new car but get in an accident and total it a few months later, your car may have depreciated significantly, despite the fact that you'd have to pay the new car price to replace it. This coverage pays to replace your car with a new one, although there are typically limits on how long the coverage applies.

GAP INSURANCE

This type of coverage, sometimes required by the lender if you have a loan on the vehicle, may pay the difference between what you owe on a lease or loan and what the insurance company pays in the event that the vehicle is damaged beyond repair.

RENTAL REIMBURSEMENT

This endorsement can help pay for you to rent a vehicle for a short time while your vehicle is being repaired.

LIMITS

The maximum dollar amount an insurer will pay to settle a claim, limits are typically defined as “per occurrence” (the maximum dollar amount an insurer will pay for a single event) and “aggregate” (the absolute maximum an insurer will pay in a policy period).

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