



## The Importance of Liability Insurance Coverage For Business Owners

Business insurance is one of those expenses that many new and small business owners find hard to accept. It consumes money without doing anything to generate revenue or improve cash flow. It can, however, prevent severe hardship or even the demise of the business because of accident, oversight, error or omission.

You are innocent until proven guilty. However, you are obligated to defend yourself. The cost to do so can be very significant. Insurance will cover this. Even if it should be proven that whatever occurred is not the fault of the business, the insurance company will cover the legal costs for the defense.

Businesses should consider insurance in the early going. Keep in mind that insurance cannot be taken out and applied to an event after it has occurred. Timing is everything.

Here are 11 reasons to have commercial insurance:

1. To protect your business and its assets
2. To enhance your credibility with your clients as their TRUSTED advisor
3. To protect your clients from any potential claims including intellectual, property or loss of income
4. Your clients share personal and confidential information with you. Should this information be revealed to a third party, destroyed, or fall into the hands of someone else, you could be sued
5. If you are working on your clients books, systems or equipment directly and there is an error or accident, serious damage can result. You could be held responsible for the damages including recreating records or replacing equipment.
6. As a professional, you advise your clients to take certain actions with the anticipation of specific results. If the results do not transpire as expected, you could be sued.
7. You have access on occasion to your client's bank records and accounts. If there was a mysterious disappearance of funds, you could be accused of theft or possibly identity theft.
8. Slander – an unhappy client could accuse you of misrepresentation or slandering their reputation
9. You are working at your client's business and an employee trips over your briefcase or toolbox



10. To protect your business property – computer(s), electronic equipment, office supplies, office and production equipment and your loss of income in the event of a claim. These items are not covered under your home insurance if you operate a home-based business
11. A courier delivers a package to your home office and trips on your steps or slips on the ice. If he is there for a business related reason, your home insurance would not cover his injuries.

The reasons and arguments for taking out and maintaining business insurance are numerous. Having it in place should be an important part of your business strategy.