

Business Owners Policy (BOP)

A business owners policy (BOP) combines commercial general liability coverage with commercial property insurance for qualifying small and medium-sized companies. A BOP offers businesses the opportunity to get more affordable coverage to meet basic insurance needs. Carriers determine whether a business is eligible to purchase a BOP.

A prepackaged BOP may not meet all of a company's insurance needs, but this policy can be more cost-effective than purchasing each included policy separately. Endorsements and riders can provide additional coverage.

What Is Included With a BOP?

A BOP provides coverage for common risks, such as fire, liability claims, theft and business interruption losses. There are three core insurance coverages typically included with a BOP:

1. Liability Insurance

This policy helps pay for third-party claims due to injury or property damage. If someone is injured while visiting a business, this policy helps pay their medical bills. The policy may help pay for the company's legal defense if someone alleges property damage or injury. It also helps cover the cost of repairing or replacing someone else's property if a company owner or employee causes damage in the course of day-to-day business.

2. Property Insurance

Any business that owns equipment, maintains inventory or manufactures products should have property insurance. This policy helps pay for repairing or replacing company property if it's damaged or destroyed in a covered event, such as a fire, storm, or an act of

vandalism or theft. If the business leases property, the landlord may require a minimum amount of commercial property insurance.

3. Business Interruption Insurance

This policy, sometimes called business income insurance, helps replace lost revenue if a business must close to rebuild or repair after a covered event. If there's a period of time when a company can't generate revenue, this coverage can help pay for recurring expenses such as payroll, property rent and taxes.

Customizing a BOP

Each business faces unique risks, and additional insurance policies can help customize a BOP to meet the company's needs. A standard BOP doesn't provide coverage for many risks associated with day-to-day business activities. Coverage limits with a BOP may be lower than a business owner prefers. Insurance professionals can help a company owner tailor a BOP to meet their company's specific needs.

Depending on the company's size and industry, an insurance professional may recommend some of the following additional insurance policies:

- Workers' compensation insurance
- Commercial auto insurance
- Cyber liability insurance
- Equipment breakdown insurance
- Employment practices liability insurance

It's also possible to increase a company's liability coverage by purchasing an excess liability or umbrella

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insurance policy. This policy provides additional coverage to help pay for third-party claims exceeding the limits of the company's liability insurance policies. Depending on the policy, umbrella insurance may help cover deductibles as well.

What Type of Business Should Get a BOP?

Many business types qualify for a BOP. In general, BOPs are designed for companies located outside of a private residence with fewer than 100 employees that produce less than \$5 million in annual revenue. However, eligibility criteria or BOPs vary by insurance company.

When evaluating options for BOP coverage, business owners must consider risks specific to their industry. A BOP can help qualifying businesses save money, but this type of packaged insurance product doesn't make sense for every small and medium-sized business.

What Are the Advantages of a BOP?

Nearly any small business that owns equipment, buildings or other property can benefit from a BOP if they meet the insurer's eligibility requirements.

BOPs provide small businesses with flexible commercial insurance policies that can be modified or added to by amending the existing policy to meet the company's needs. In many cases, it's less expensive to purchase a BOP than it would be to buy individual property and liability insurance policies providing the same coverage.

To Learn More About BOPs

Your insurance professional can help you decide whether a BOP is right for your business. To get the best possible coverage to meet your company's needs, it may be necessary to add riders or endorsements to a BOP as well. For additional coverage guidance and solutions, contact us today.

**COVERAGE
INSIGHTS**