

Business Owners Policies (BOPs)



Business owners have a lot to consider when choosing insurance that fully protects their business. One coverage option, a business owners policy (BOP), can take the guesswork out of the process. A BOP bundles several types of coverage in one package, similar to the way a homeowners policy works, but is designed for small and midsized businesses.

BOP Key Features

A BOP generally combines the following types of coverage in one convenient bundle:

- **Commercial property insurance**—Covers losses to property from common perils. It also covers office equipment, furniture, inventory, machinery, raw materials, computers and anything else that is vital to business operations.
- **General liability insurance**—Covers a company's legal responsibility for any harm it may cause to others, up to the policy limit. It also covers attorney fees and medical bills for anyone injured by the company.
- **Business interruption insurance**—Reimburses for loss of income if a covered disaster interferes with the successful operation of the business.

Exclusions

Although a BOP is a convenient insurance option for small to midsized business owners, it does not cover

professional liability, auto insurance and workers' compensation. Workers' life, health and disability coverage is also excluded. For those exclusions, business owners can purchase separate insurance policies. Other examples include the following:

- **Crime coverage**—Although it is minimal, crime coverage can be added to a BOP to cover losses as a result of crime, such as employee dishonesty and computer fraud. Typical crime coverage ranges between \$1,000 and \$5,000.
- **Data breach coverage**—This coverage is commonly added to BOPs to help remedy the following losses resulting from data breaches:
 - Notifying impacted individuals
 - Hiring crisis communication consultants
 - Defense and settlement costs from associated lawsuits
 - Replacement of lost income
 - Extortion and ransom payments
- **Errors and omissions (E&O) coverage**—Businesses that provide services for a fee can be sued by customers who claim that they were harmed because the business failed to perform its job properly. E&O coverage pays for any judgment for which the insured is found legally liable, up to the policy limit. It also covers legal defense costs.

Provided by The Heritage Group

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Ideal Candidates for a BOP

Businesses that have the following characteristics are ideal candidates for a BOP:

- Operate in a physical location, whether home-based or outside the home
- Have assets that can be stolen, including products, cash, furniture and digital property
- Are at a high risk for lawsuits
- Employ less than 100 employees and have less \$5 million in sales

The following types of businesses frequently purchase BOPs to protect from losses not covered by general liability insurance:

- Manufacturers
- Religious organizations
- Apartments
- Restaurants
- Technology consultants and solutions providers
- Wholesalers
- Retailers

Eligibility

Small to mid-sized businesses need to meet specific criteria to be eligible for a BOP. When determining eligibility, insurers consider factors that include the type of business, size of its primary location, class of business and revenue.

Premiums for BOP policies are based on eligibility factors, as well as financial stability, building construction, security features and fire hazards.

When purchasing business insurance, it is important to obtain the right amount. Contact The Heritage Group for guidance as to whether a BOP is a logical choice for your business.