

Benefits of a Commercial Package Policy vs. a Business Owners Policy



Businesses typically need general liability and property insurance, so many business owners opt in when presented with a business owners program (BOP). It's straightforward and offers bundled discounts, but it doesn't provide much wiggle room.

Like a "no substitutions" lunch special, you take what you get and find yourself dressing up the bland parts with a side dish (which adds to the bill). Suddenly your lunch special isn't such a deal. The same goes for a BOP. Insuring business risk exposure can get tricky — and expensive — especially when your risk exposure doesn't fit in the box.

If your risk liability spills over the usual lines, you might be better off going for a commercial package policy (CPP) for better insurance coverage, customization and overall savings.

A BOP offers general coverage

A BOP usually bundles property, general liability and business interruption, which forms the basis for many insurance claims.

- **Property insurance** covers your building and the contents owned by your business.
- **General liability** covers any harm your business may cause others, such as bodily injury or property damage.
- **Business interruption** covers loss of income resulting from a fire or other damage to your property that interrupts the operation of your business.

If you have unique risk areas or require higher policy limits, a BOP might fall short. You could fill in the BOP gaps with additional insurance policies, but a la carte policies might cost you more. That's where an industry-specific package comes in.

Industries that can benefit from a CPP

CPPs are insurance programs designed with specific industry risks in mind. Here are a few businesses that can benefit from the well-built protection of a CPP:

- Accounting, financial and estate planning businesses
- Associations
- Breweries and wineries
- Building and real estate investment firms
- Churches and faith-based organizations
- Condominium associations
- Construction companies and builders
- Educational organizations and schools
- Entertainment companies and public figures
- Equine and agribusinesses
- Engineering firms
- Golf and country clubs
- Landscaping companies and arborists
- Law firms
- Libraries
- Marketing and advertising agencies
- Manufacturers
- Medical facilities

- Municipalities
- Nonprofits
- Publishers and authors
- Restaurants and food service vendors
- Social media influencers
- Sports organizations and sporting events
- Trucking and transportation companies
- Youth groups and child care centers

This list can include any business that has unique risks and doesn't fit the BOP mold. CPP prices might seem higher, but you'll get better coverage with package customizations and without the gaps left by a BOP.

Get industry-tailored coverage with a CPP

Over time, insurance companies gain experience in the types of claims they see across all businesses. A lot of data goes into an insurance company's decision about whether they will take on the risk to insure some industries. The higher the risk exposure within a particular industry, the more challenging (and more expensive) it is to insure.

High risk doesn't mean failure — it's just the nature of some businesses. The opportunity for hazards and liability is higher, which usually means the risk for loss and legal action is also higher. A well-developed CPP builds a policy around the industry and covers the more notorious pain points.

Some customizations include:

Coverage	When it helps	Examples of affected industries
Abuse and molestation	Allegations of abuse or molestation are made	Child care, medical facilities and hospitals, elder care, assisted living facilities, schools
Crime protection	An employee commits an illegal activity, like embezzlement, forgery or fraud	Restaurants, financial and estate planning, legal
Cyber or data breach protection	Data is exposed, lost or locked because of a hack	All industries
Employment practices liability	An employee sues their employer	All industries

Environmental or pollution liability	Chemicals or pollutants are accidentally released into the environment	Real estate development, construction, manufacturing, engineering
Equipment breakdown	A mechanical failure causes product spoilage or damage	Retail, manufacturing, transportation, construction
Marine	Products are damaged during transportation or storage	Retail, manufacturing, transportation, construction
Media liability	An organization is sued for information transmitted by media	Publishing, broadcasting, advertising, marketing, filmmaking, social media marketing, any industry actively involved in media communications
Product recall	A product is removed from stores and the supply chain	Retail, manufacturing, transportation
Professional liability	Errors or omissions are made in the course of performing duties related to your profession	Legal, medical, insurance, engineering, any industry relaying professional advice to clients

You can't bundle everything

Most CPPs offer flexible policy limits and endorsements designed just for the industry they're covering. Even so, a CPP doesn't include everything, and there are some policies you'll need to handle on a stand-alone basis.

Some examples of insurance not routinely included in a CPP are:

- Workers' compensation
- Health, vision and dental
- Disability
- Life
- Directors and officers

A word on the insurance Q&A process

It might be tempting to downplay some of your business operations in favor of getting a great deal on insurance, but you might end up shutting yourself out of coverage later. Don't let an omission on your application be the reason why you're not covered when you need it.

And answer your insurance professional's questions as honestly as possible. They're not being nosey; they need to understand your business to protect it.

Ping your insurance pro

What's the best way to determine whether your business is a fit for a CPP? Talk to your insurance professional. They're happy to give you a realistic assessment of your liability exposure and help you find a plan that's right for your business.

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