



## Utilizing a Specialty BOP

Helping Your Clients Understand and Select the Right Business Owner Policy





As a licensed insurance agent, you have the expertise to match a risk to the most appropriate line of coverage, helping your clients select a policy that best suits their needs. When working with business owners, you know the importance of protecting business operations with the enhanced benefits provided under a business owner policy (BOP).

Understanding the importance of a good BOP is the first step toward educating prospects and clients about this type of commercial coverage. In doing so, you may enhance your marketing efforts and grow your book of business.

### Advantages of a BOP

Most business owners understand the importance of having the right general liability (GL) insurance. What they may not know is that their GL policy isn't all-inclusive and doesn't provide protection for losses associated with business personal property as well as other critical coverages.

A BOP is an affordable option for businesses that need both liability and property insurance. Compared with stand-alone coverages or a larger commercial package policy (CPP), BOPs are often the ideal choice for smaller operations.

You can demonstrate your level of expertise as an insurance professional by explaining the key advantages of a well-written BOP, which include the following:

- **Convenience.** Packaging property and liability coverages together simplifies the insurance process, resulting in a single policy and premium bill. It can also make filing a claim easier.
- **Cost.** In many cases, purchasing various stand-alone lines of insurance or a larger CPP is less affordable than a BOP.
- **Customized coverage.** BOPs can be customized for particular industries and types of businesses, and coverages can be modified to meet specific needs.

### Breaking Down a BOP

A basic commercial BOP includes three specific core insurance coverages: property, liability, and business interruption.

**Property.** Property coverage provides protection for property a business owns, leases, or rents including buildings, equipment, inventory, furniture, and fixtures as well as coverage for loss of accounts receivable and valuable papers and records. Most BOPs also cover business-owned items and items owned by a third party but kept temporarily in the care, custody, or control of the business or business owner.

**Examples of businesses that may benefit from a BOP:**

- **Self-Storage Facilities**
  - Offices
  - Retail Stores
- **Apartment Buildings**
- **Consumer Services**
- **Janitorial Operations**
  - Consultants
- **Nonprofit Organizations**
- **Small Manufacturers**
  - Wholesalers
- **Finance and Accounting**
  - Health Care
  - Real Estate
  - Restaurants

Should a business be ineligible for a BOP, coverage can still be obtained through other types of commercial policies.

Be sure to discuss all available options with prospects and clients.

**General Liability.** General liability covers a business's legal responsibility for the harm it may cause to others (bodily injury and property damage) as a result of the company's negligence. This includes costs related to litigation and court judgments if a customer or other third party files suit against a business or its employees.

**Business Interruption.** Business interruption coverage helps to replace lost net income a business normally would have earned should a covered event cause a temporary shutdown of operations.

### The Right Coverage for the Right Risk

A BOP won't cover every risk associated with running a small business. When working with clients, you may find it necessary to discuss options for purchasing additional lines of coverage the business may need such as the following:

- **Commercial Auto.** Vehicles generally aren't included in the business property portion of a BOP and should be covered separately.
- **Professional Liability.** Clients that offer professional services such as consulting should consider a professional errors and omissions policy.
- **Cyber Liability.** Businesses of all sizes must protect against the loss of data and brand reputation caused by hackers or a breach of data security.
- **Employee Health, Life, and Disability Insurance.** Employer-sponsored insurance benefits are not offered under a BOP.
- **Workers Compensation.** Workers compensation coverage provides wage replacement and medical benefits to employees injured in the course of employment.
- **Product Liability.** Product liability provides coverage for businesses that manufacture or distribute products to the public.
- **Employment Practices Liability.** Employment practices liability provides coverage against accusations surrounding wrongful termination, discrimination, or sexual harassment.
- **Equipment Breakdown.** Equipment breakdown covers the cost to repair or replace damaged equipment including time and labor.
- **Liquor Liability.** Liquor liability provides coverage for businesses that sell, distribute, or serve alcoholic beverages.

When determining your client's suitability for coverage under a BOP, be sure to review the carrier's BOP appetite, specific underwriting criteria, and its list of ineligible business classes. Next, gather information about the business to include the following (at minimum):

- Five-year loss history (loss runs)
- Annual revenue
- Number of full-time employees
- Size of the business's primary location
- Where the business conducts the highest percent of its operations

### All Businesses and BOPs Are Not Created Equal

A well-written BOP is a critical component in protecting a business. However, not all BOPs offer the same coverages and limits, and individual businesses may have very different needs. As an insurance professional, it's important to advise each client in the selection of the appropriate coverages according to their operation's specific needs and exposures. Once a policy is issued, it is equally critical to conduct periodic coverage reviews, especially as the business grows.

A good BOP should be flexible and capable of adapting to the changing needs of businesses by allowing owners to customize their insurance plans with coverages specifically suited to their business requirements.

For operations that require increased or specialized coverage, a business may want to consider enhancements that can be endorsed or added onto a BOP. Depending on the policy, these options can include the following:

- Cyber liability
- Inland marine coverage
- Accounts receivable
- Food spoilage coverage for restaurants and small grocers
- Increased coverage for computer equipment, certain crime risks, equipment breakdown, and fine arts
- Professional endorsement packages for accountants, lawyers, and medical and dental offices

### Helping Your Clients Select the Right BOP

When considering BOP coverage for prospects and existing business owner clients, be sure to accomplish these tasks:

- Identify and evaluate risks associated with individual operations and processes.
- Understand the value of the business in order to select the most appropriate limits.
- Identify additional coverages (if any) that should be added/endorsed onto the policy for additional protection.
- Learn about the business's potential plans for future growth.
- Establish the most appropriate deductibles.





## Conclusion

When business owners open their doors to the public, they open themselves to a variety of risks and exposures. You can help your clients create a policy that best fits their needs by assessing potential exposures, adjusting coverage amounts on existing policies, and providing ongoing assistance to identify the need to purchase additional policies.

## MiniCo Insurance Agency's Specialty Self-Storage BOP

MiniCo Insurance Agency launched the first insurance product designed specifically for self-storage in 1974 and remains the nation's leading provider of specialty coverage for self-storage risks. We have recently upgraded our specialty commercial self-storage BOP to offer an even higher degree of flexibility in coverages, limits, and deductible options along with broader coverage forms and enhanced policy endorsements.

Benefits of MiniCo's new commercial self-storage specialty BOP include the following:

### Minipak Platinum Endorsement

This endorsement offers enhanced coverage extensions on property and liability, and optional coverage for equipment breakdown and business income and extra expense.

### New Coverage Forms and Endorsements

- Employee benefits liability
- Resident manager liability
- Mailbox rental
- Wine storage
- Data compromise with cyber liability

### Self-Storage Facilities Coverage Forms

- Customer goods legal liability
- Sale and disposal liability

For agents, the new MiniCo BOP program offers several key selling benefits that include:

- Products for self-storage risks: BOP, umbrella, workers compensation
- Flexibility in coverages, limits, and deductibles
- Proprietary policy forms
- Competitive rates
- Faster issuance of endorsements
- Ability to customize coverages
- In-house claim processing for fast, fair resolution

For more information on MiniCo's new commercial self-storage specialty BOP, call 800-528-1056 or visit [www.minico.com/newbop](http://www.minico.com/newbop).