

# INSURANCE FOR THE ENTREPRENEUR

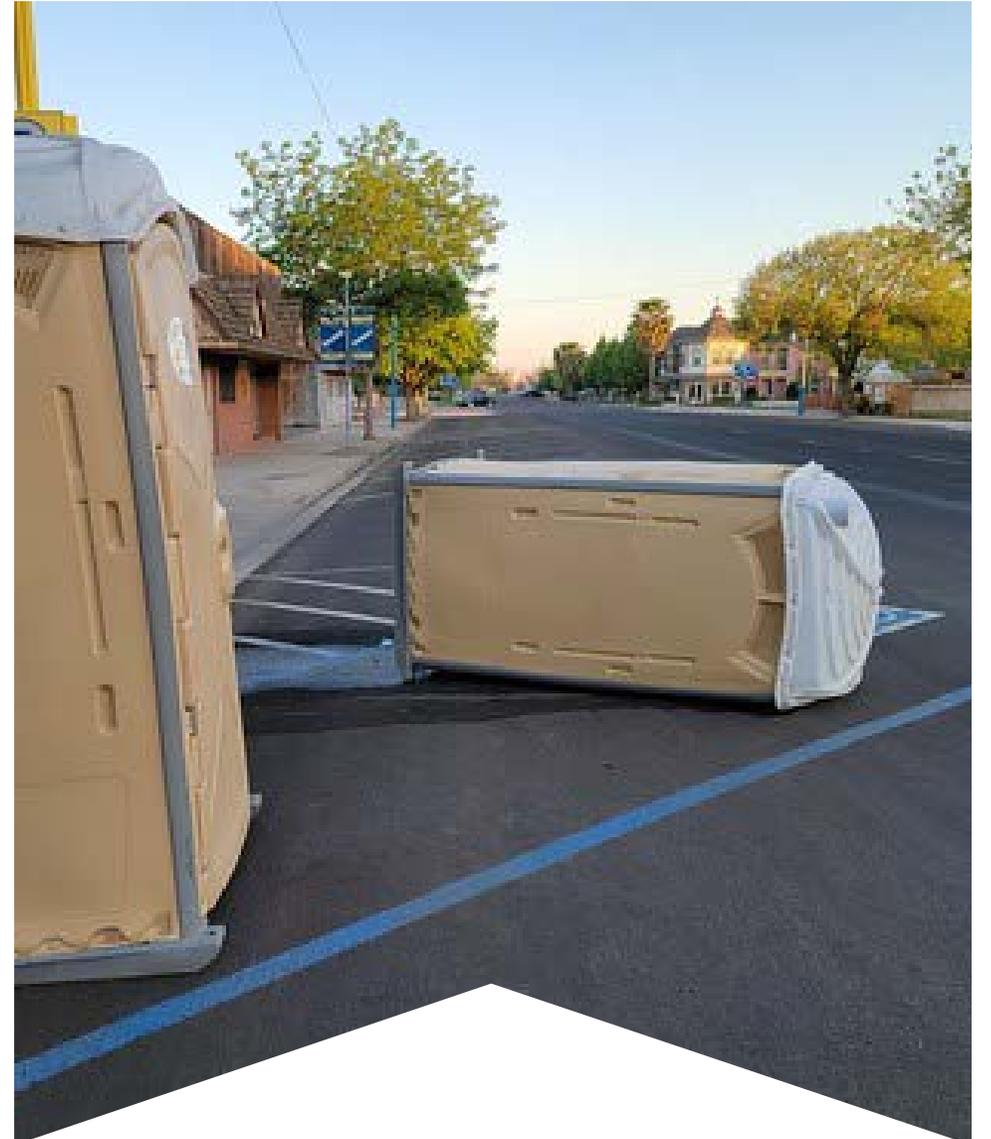
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The information presented is designed for the general understanding of insurance principles and practices. Individual insurance needs and requirements will vary based on the individual business operations and services.

Stuff  
Happens



WHAT ROLE  
DOES  
INSURANCE  
PLAY IN MY  
WORLD?

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Protects your assets and  
future earnings

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Provides a safety net

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Allows you to do business  
with others

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Creates a secure work  
environment

Think of your insurance coverages as buckets

Each bucket will carry a maximum amount of money for specific situations



# COMMERCIAL GENERAL LIABILITY

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Provides coverage for your legal liability resulting from either bodily injury and property damage

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Common coverage is \$1,000,000 per occurrence and \$2,000,000 aggregate

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Can be combined with other insurance on the same policy

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Does NOT cover fault arising out of the performance of your professional services

# UMBRELLA POLICY

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Gives the company an extra amount of liability insurance on top of the general liability on the original policy

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The minimum amount starts at \$1,000,000 in coverage

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This will also cover at fault auto accidents if the company has commercial auto

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Some contracts will require extra liability coverage

# COMMERCIAL AUTO

Coverage for autos owned by the company

Covers anyone driving, if they have permission of the company

Autos may be taken home, but the insurance company should know that and will ask

You will have to create a list of drivers including their driver's license numbers and birthdates

# DIFFERENT TYPES OF LIABILITY AUTO COVERAGE

## SPLIT LIMITS

100/300/100

First bucket is for 1 person in the other vehicle

Second number is the bucket for more than 1 person in the other vehicle

Third number is the bucket for property damage

## COMBINED SINGLE LIMITS

\$500,000 CSL

This is one bucket with a maximum amount for all damages caused by you

# HIRED AND NON-OWNED AUTO

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Covers use of other vehicles, including employees running errands

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If an at fault accident happens, the company will most likely get sued

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The policy will cover any judgements in this case after the employee's coverage is exhausted.

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This coverage is usually very reasonable and should be added to most policies.

# WORKER'S COMPENSATION

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Required by the state for businesses with 3 or more employees, owners count as employees

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Rates are determined by duties performed and the payroll amounts for those jobs.

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How dangerous is this position? That will give you an idea of premiums

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Owners can be excluded from coverage to lower cost of policy

# BUSINESS OWNER'S POLICY (BOP)

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Simply, a BOP is a preset comprehensive policy with a wide range of coverages. It is pre-packaged and can be very economical.

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These are highly recommended if available

## COMMERCIAL PACKAGE POLICY (CPP)

This is just adding different coverage modules to the General Liability policy when a BOP is not available. It could include a section for property, a section for commercial auto, and employment practices liability. It is a flexible approach to insurance coverage.

# CERTIFICATE OF LIABILITY

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Ask the entity you will be doing business with to be an additional insured on their policy

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This will show you are covered under their policy

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Expect to issue these certificates showing you have the proper liability coverage in place to others

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Your agent can provide these to the organizations you choose



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME		FAX	
	PHONE (AC, RL, Ext.)		(AC, No.)	
	E-MAIL ADDRESS			
	INSURER(S) AFFORDING COVERAGE		NAIC #	
	INSURER A			
	INSURER B			
INSURER C				
INSURER D				
INSURER E				
INSURER F				

COVERAGES      CERTIFICATE NUMBER:      REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

WHAT LTR	TYPE OF INSURANCE	LOC	SUB	POLICY NO.	POLICY EFF. DATE (MM/DD/YYYY)	POLICY EXP. DATE (MM/DD/YYYY)	LIMITS
	GENERAL LIABILITY						EACH OCCURRENCE \$
	COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$
	CLAIMS-MADE <input type="checkbox"/> OCCUR <input type="checkbox"/>						MED EXP (Any one person) \$
							PERSONAL & ADV INJURY \$
							GENERAL AGGREGATE \$
	GEN'L AGGREGATE LIMIT APPLIES PER						PRODUCTS - COM/POP AGG \$
	POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/>						\$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident) \$
	ANY AUTO <input type="checkbox"/>						BOODY INJURY (Per person) \$
	ALL OWNED AUTOS <input type="checkbox"/>						BOODY INJURY (Per accident) \$
	HIRE AUTOS <input type="checkbox"/>						PROPERTY DAMAGE (Per accident) \$
							\$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/>						EACH OCCURRENCE \$
	EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/>						AGGREGATE \$
	DED <input type="checkbox"/> RETENTION \$						\$
	WORKERS COMPENSATION AND EMPLOYERS LIABILITY						WC STATUTORY LIMITS <input type="checkbox"/> OTHER <input type="checkbox"/>
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in RI)						E.L. EACH ACCIDENT \$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$
							E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER	CANCELLATION
	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE

# PROFESSIONAL LIABILITY (ERRORS & OMISSIONS)

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Protects you and your firm from claims arising out of negligent acts, errors or omissions in the performance of your professional services

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Very common for this type of coverage to be required to enter a contract

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Can be smart to apply for this coverage at the start of the company. This will create a retro date where past projects are covered even after renewal.

# STANDARD OF CARE

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*What was the applicable standard of care?*

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*Was it met?*

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The application of the standard of care is variable and depends on the specific circumstances of a project. Codes, regulations, licensing laws and national standards form a framework, as does the work of one's colleagues, both locally and on a national level.

# WHAT WILL YOUR CONTRACT ASK FOR?

- Make sure your clients have realistic expectations of your services
- If your client hands you a contract clause that purports to raise the standard of care to a higher level, delete the offending words and revise the standard to an “ordinary” or “normal” or “reasonable” level.
- Consider the following clause:

**In providing services under this Agreement, the Consultant shall perform in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances at the same time and in the same or similar capacity.**

# GROUP HEALTH INSURANCE

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To get a group plan for your business you need at least 2 employees including the owner to be eligible

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In NM, the cost of small business health insurance plans will vary based on several factors like age, gender, number of dependents and a few others, depending on the provider

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NM companies with over 50 or more full time employees must offer health insurance coverage

DO YOU HAVE A  
WILL?

Last Will

and

Testament

# SUCCESSION PLANNING

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Make sure you and your partner(s) have a will or trust in place to take care of your families. This can be done when setting up your LLC or corporation.

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Life insurance is a regularly used tool to help the business survive in case of unexpected death

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Before you make any decisions about using life insurance for a business succession plan, be sure to discuss it with your financial advisor, attorney and tax professional.

# SUCCESSION PLANNING

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## **Protecting the business from the loss of a key employee or top performer**

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Are you concerned about losing a high-producing employee and the significant impact that loss could have on your business? Having an insurance policy on that person, known as key person insurance, could help the business recover financially and speed up hiring a replacement. A term or permanent insurance policy can be used in this situation.

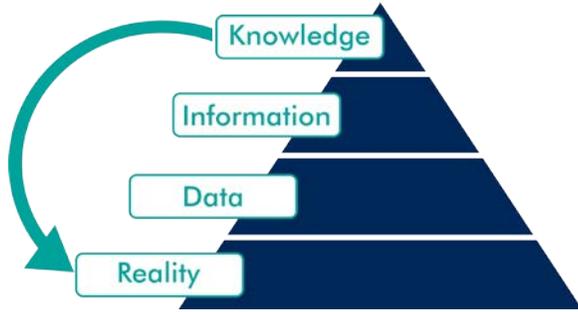
# SUCCESSION PLANNING

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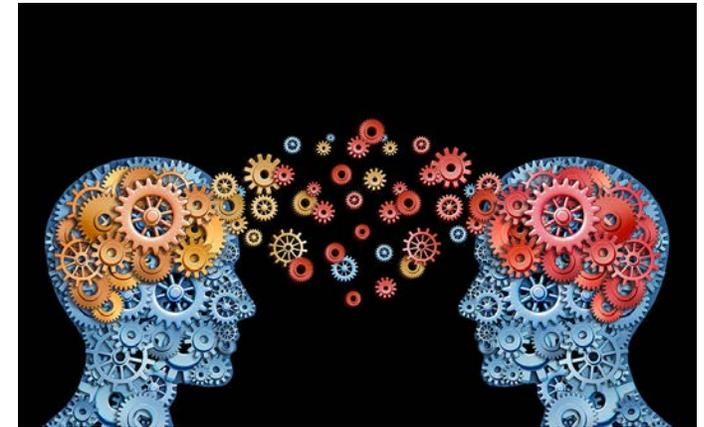
## Ensuring a successful transition due to a death of a partner

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An insurance policy with a buy/sell agreement can provide liquidity for you to buy out a deceased partner's share of the business – helping reduce business interruption. This strategy can help provide more certainty on the "when" and "how" of ownership transition. A term or permanent insurance policy could be used in this situation.



**What you do, is different than what anyone else is doing!**



# HOW DO I GET STARTED?

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An independent agency may be more likely to help because they have a variety of companies to work with

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Make sure the agent understands what you are doing. Be ready to explain exactly what your business entails

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If you can't find coverage, ask colleagues how they purchased their insurance

# AN INSURANCE POLICY IS A LIVING DOCUMENT

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Make sure to keep up with your coverages

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When you make changes in the business, you want to make sure the policy is still as effective as it was when you started it

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Most commercial policies will be audited at the end of the term

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If revenues or payroll changes during the term, this may cause a “true up” which is added premium that must be paid in one payment.



# QUESTIONS AND ANSWERS

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