

Insurance

Chapter 23

Unit 5

Performance Objectives:

You will discuss the various types of insurance needed for your business and compare the rates and coverage offered by three different insurance companies. You will read about and discuss copyrights, trademarks, and patents.

Evaluation Criteria:

Successful completion of this chapter requires you to:

- ❖ Read about business insurance.
- ❖ Get quotes from three different insurance companies on the insurance you might need for your business.
- ❖ Read about the types of insurance coverage that your business will need to carry for its employees.
- ❖ Go online to read and answer questions about trademarks, patents and copyrights.

Task 1: Insurance for Your Business

Read the information below. Contact three insurance agencies to get quotes on the coverage you think you will need for your business.

Insurance is a very important, yet often ignored aspect of business ownership. In fact, the Insurance Information Institute states that 40% of business owners do not have insurance at all because they falsely believe that they cannot afford it.

A basic, all-in-one solution for the small business owner is the Business Owner's Policy (BOP), which includes coverage for property, liability, business interruption, and sometimes workers compensation. Each BOP is customized to fit the needs of each specific business. This is only available to companies with less than 50 employees.

To find out more information about what insurance you are required to carry, contact your:

- County or city clerk,
- Local chapter of your industry association, or
- State insurance office.

Types of Business Insurance

1. **Property Insurance:**

Property insurance provides coverage for your business for loss due to fire or vandalism. There are two basic categories of property insurance:

- **Building** – coverage for the building for damage due to fire, lightning, vandalism. Earthquakes and hurricanes are generally excluded.
- **Personal Property** – provides coverage for loss or damage to the contents of the building (furniture, equipment, inventory, files, etc.)

Price Quotes:

2. **General Liability Insurance:**

Also called casualty insurance. This provides coverage for injury to another person or damage to another person's property for which you are legally responsible.

Price Quotes:

3. **Product Liability Insurance**

Product liability insurance protects you in case your product causes harm to another person. This is especially recommended for companies that make clothing, toys, food, health and beauty products, etc. Most Business Owner's Policies (BOPs) include limited product liability coverage.

Price Quotes:

4. **Professional Liability Insurance**

This insurance protects you in case of a claim against you for negligence, errors, omissions, or wrongful acts in the performance of your duties. Some states and professions require it.

This is recommended for computer consultants, hairdressers, systems analysts, lawyers, and consultants.

Price Quotes:

5. **Business Income/Extra Expense Insurance**

Also called business interruption insurance or hazard insurance. This is an important add-on to property coverage and is part of most BOPs. Business income insurance reimburses you for revenues lost during downtime caused by damage to your property. Extra expense insurance will pay for renting temporary business space while your building is being repaired.

Price Quotes:

6. **Commercial Auto Insurance**

If you use your personal vehicle for business and do not transport clients, most insurance companies will let you keep your personal auto insurance policy and have you pay a little bit more. If you have trucks or vans that are used specifically for business, then you will need a separate auto policy.

These policies cover damage to the car, and do not cover the contents of the car. You will need to make sure that your property policy covers loss outside your business if you regularly carry valuable items (computers, samples, etc.) in your car.

Price Quotes:

7. **Fidelity Bonds**

If your employees regularly handle large amounts of cash, then you may want to consider purchasing fidelity bonds. The bonding company will reimburse your business for losses due to employee theft.

Price Quotes:

Task 2: Insurance for Your Employees

Read about the following types of insurance coverage that your business will need to carry for its employees.

- 1. Health Insurance**
Many small businesses go without health insurance for its employees because they think it's unnecessary or that they cannot afford it. This mindset can be a mistake, since an illness or an accident can devastate your business.
- 2. Disability Insurance**
This insurance covers you in case you cannot work due to an illness or injury. This is especially important for one-person businesses since without you, the business cannot run.
- 3. Life Insurance**
If you don't have any family or children, then business counselors will tell you to invest this money into running your business; life insurance is not critical for you. However, life insurance can be used for your business as collateral for business expansion.
- 4. Workers' Compensation**
This covers employees in cases of work related accidents. It is required by most states (even for part-timers).

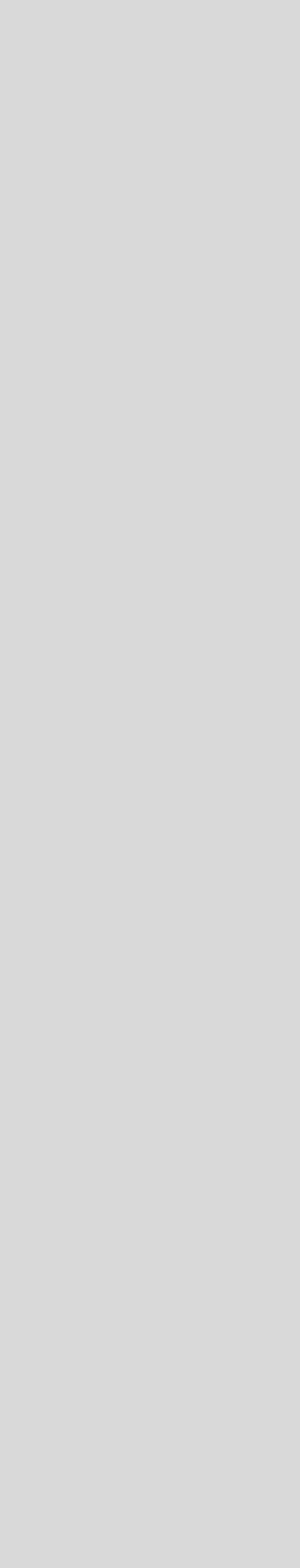
Task 3: Protecting Your Intellectual Property: Patents, Copyright, Trademark

Click on each link listed below, read through the information at the site, and in your words, answer the questions that follow each section.

Patents

United States Patent and Trademark Office
<http://www.uspto.gov/patents/index.jsp>

1. What is a patent?



2. How should you protect your design until the patent is granted?

3. What is a patent search?

4. Describe the three requirements for patentability.

5. How long does it take to apply for a patent?

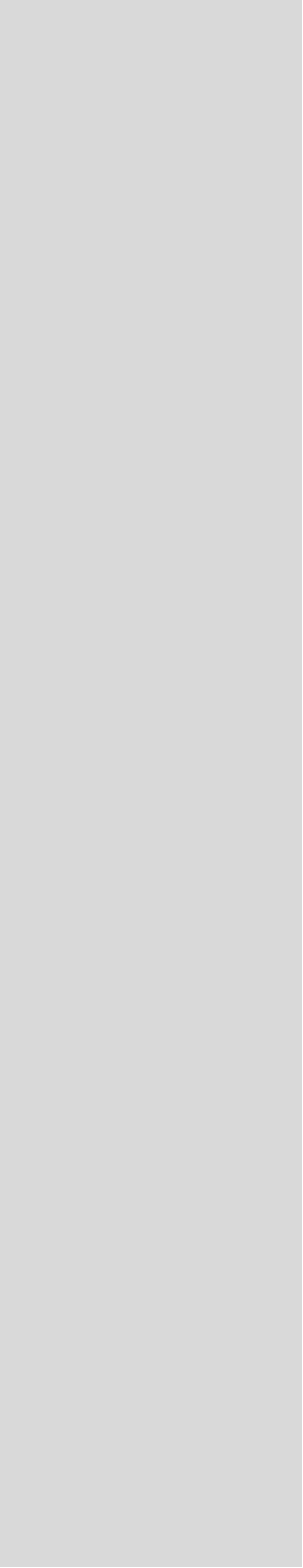
6. Is your product patentable? Why or why not?

Copyright

LegalZoom

http://www.legalzoom.com/law_library/copyrights/introduction.html#

1. What is a copyright?



2. Why should I get a copyright?

3. Who can obtain a copyright?

4. What works are protected by copyright?

5. Is there anything that cannot be protected by copyright?

6. How do I obtain a copyright?

7. How long does copyright protection last?



Trademark

Legal Zoom

http://www.legalzoom.com/law_library/trademarks/introduction.html

1. What is a trademark?
2. Do I need to register a trademark?
3. How long does it take for a trademark to be registered?
4. How long does a trademark last?