

Understanding different types of insurance

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Your business faces several risks on any given day. Are you confident your business would be covered in the event of an unexpected circumstance such as a theft or natural disaster? If you're unable to answer this question, it may be time to review your current insurance policy.

Here is a list of key types of business insurance coverage to help you understand what you need.

Commercial General Liability Insurance

The term liability refers to a situation where your business is found to be responsible for third-party damages in the eyes of the law.

Commercial General Liability (CGL) insurance is the foundation of any business policy. It is designed to respond to situations where your business is legally liable for the following damages caused to a third-party:

- Bodily injury
- Property damage

Regardless of your industry, this type of business insurance is critical because there's always a risk of being held liable should something go wrong and cause a third party to suffer a loss. For example, if someone falls and hurts themselves while on your property, you could be held responsible for their injuries.

Commercial Property Insurance

This type of coverage specifically protects your property. This can include things like tools and equipment, stock, supplies and even your building.

Here are some of the ways that you could benefit from having commercial property insurance:

1. **Recovery** – This coverage can help get your business back on its feet as soon as possible after you suffer a covered property loss.
2. **Repair costs** – It can assist with the costs of any necessary repairs to get you back in business quickly.
3. **Replacement costs** – It can often assist with replacing any damaged property that can no longer be repaired.
4. **Unexpected losses** – No matter how much you prepare your business for the risks it faces, sometimes unexpected losses still happen. Examples include damage to your property resulting from fire, winter weather, or a natural disaster such as an earthquake. An unexpected loss could also come in the form of theft of property you own.

The cost of your policy could be affected by the factors below:

- Location
- Replacement Costs
- The type and age of the electrical plumbing at your insured location

Business Interruption Insurance

Picture this: you're a manufacturer who creates your own products and someone breaks into your business, stealing all the necessary equipment you need to produce your goods. Because of this, you need some time to replace your equipment to get back up and running.

In the time that your business is shut down to replace your equipment, you lose money because you are unable to operate. This is where business interruption insurance is critical. This coverage can help pay for your

loss or reduction in income.

Commercial Auto Insurance

Your personal auto insurance may not be enough to cover vehicles used in business operations. If your business depends on the regular operation of a vehicle, you should consider commercial auto insurance. Not only does it protect your vehicle, it protects your employees and your bottom line in case you suffer a covered loss.

Some questions to ask yourself when looking for coverage:

- Who owns and/or operates the vehicle/s?
- What are the vehicles used for and how often are they used?
- What types of vehicles are involved?

Cyber Risk Insurance

In 2018, the Canadian Internet Registration Authority reported that 40 per cent of Canadians experienced a cyber-attack. For large businesses with 250-499 employees that statistic sits at 66 per cent.

Examples of cyber-attacks include:

- An email with a link or attachment that installs malicious software
- Man-in-the-middle (MitM) attacks using an unsecure Wi-Fi network during which personal data is stolen
- Denial-of-service attacks where systems, servers or networks are flooded with traffic and become unable to fulfill requests

A cyber-attack can impact your business' operations and can lead to lost or stolen data and revenue.

A comprehensive cyber risk policy can offer:

- First party coverage to help protect your business from some of the costs that directly impact it as a result of a covered loss
- Third party coverage to help protect your business from some of the costs that third parties, such as your customers or suppliers, incurred because of a covered cyber loss that your business suffered
- Coverage for data stored anywhere in the world

It is a common misconception among business owners that this coverage is part of their commercial general liability insurance or their commercial property coverage, however this is not the case.

Make sure your business is protected

The right type of business insurance can save you time, money and resources. At Federated, we're here to equip you with the tools you need to make the most informed decision. Find out which coverages are most helpful for your business and specific industry today! Visit our business insurance page today to learn more!

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