

UNDERSTANDING YOUR BUSINESS INSURANCE BINDER

Whether you're insuring your business against liability or protecting your employees with a workers' compensation policy, your insurance agent will provide a binder that can serve as your temporary proof of insurance before an insurance policy is issued.

ASK FOR IT BY NAME

When you apply for an insurance policy, you should always ask your agent to provide you with the binder. Sometimes your agent might call this a certificate of insurance or refer to the process as binding coverage. Having this written document gives you the chance to review your coverage and confirm it is correct.

WHAT'S INCLUDED

Your insurance binder won't be in a physical 3-ring binder. Instead, it is usually two or three pages of legal paperwork that spells out your policy's details. Your business insurance binder should include the following key elements:

- The type of risk insured.
- The liability coverage amounts.
- The deductible amount.
- The named insured(s).
- The start and end date of the policy.
- The name of the insurance company and insurance agent.

While the binder acts as a temporary policy with an expiration date, it will not cover you once it lapses. Also, it does not guarantee that a policy will be issued. You'll still have to go through the company's underwriting process. So it's always good to follow up with your insurance agent to ensure that the formal policy is issued. As with all critical business documents, be sure to get a complete copy of the policy for your files.

NOT A DECLARATION

Typically the declaration page is provided with the policy after it has made its way through underwriting and been approved. A declaration page provides a summary of your insurance policy. While it will contain a lot of the same information as the binder, they aren't the same thing.



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