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WHAT SMALL BUSINESS OWNERS NEED TO KNOW ABOUT INSURANCE
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We will bring up your presenter and your Slideshow.

So, today we have, What Small Business Owners Need to Know About Insurance. Our presenter is Patricia Dorn, Associate Commissioner for Consumer Education and Advocacy at the Maryland Insurance Administration with the Maryland Insurance Administration.

>> PATRICIA DORN: Thank you! All right, I have to say this presentation does not provide legal advice.

You should discuss the specific questions with your trusted Financial Advisor or insurance producer. Next slide, please.

Real quick. Maryland Insurance Administration, that is the agency that Mary Jo and I work for. so, who are we, and what are we talking to you about today?

We are the regulator in the State of Maryland. That means that we make sure that the companies that operate, that the insurance companies, that operate in the State of Maryland follow Maryland's laws, and that they follow those policies they issued to you.

The Maryland Insurance Administration is your State entity you can reach out to if you have a problem with an insurance company.

So, a good example is, let's say you have a claim that is in process, and you are not happy with something in that process, you can file a complaint with the Maryland Insurance Administration. And Mary Jo and I are on the Consumer Education Group. So, we are the group that you can seek information about insurance, just like we are doing today.

So, we are the insurance regulator, making sure the agents, those brokers, and those insurance companies are following the Maryland law. Next slide, please.

So, we are going to talk about a bunch of stuff today.

You might need to take notes. If you have any questions, put those in the Chat, as you think of them, because if you try to think of them at the end, it might be kind of overwhelming.

I am going to hit on six or seven different topics, and it is going to be a lot. For sure.

So, brace yourself for a little bit of a tiring ride, you know? If you have questions that go beyond this presentation itself and you are going to be encouraged to work with an independent agent or broker, as you pursue your own personal situation. We will talk about automobile insurance. We will talk about insurance for your stuff, your physical stuff that it takes your business to run. We are going to talk about insurance if you can't operate your business.

We will talk about Liability Insurance, Cyber Liability Insurance. A little bit about flood. Then we will talk about Business Owners Policy, the package itself, as well as tips and considerations. Next slide, please.

You may have noticed we lost the Interpreter, so am I okay to keep going?

>> LAURA THRASHER: Yes.

>> PATRICIA DORN: Okay. Let's just get started. And if another voice comes in, that is Mary Jo. She might have a little bit to add here and there to the presentation.

So, an introduction to Commercial Insurance, or Business Insurance. Many kinds of insurance is available to businesses. As you know. The types of insurance that you purchase for your business is going to depend on your individual risk.

>> MARY JO ROGERS:

What kinds of risks is your company exposed to? What kind of losses do you need to insure against. You can answer probably a lot of that, you probably know, but you do need to work with an Insurance Professional with the experience to help you understand what you are not thinking about.

A licensed insurance producer will be able to present you with different policy and coverage options. It is important that you work with a licensed insurance producer, which producers, an agent or broker, because they will truly help you look at the big picture and the sorts of things you may not be thinking of. Next slide, please.

So, it is a good idea to have a basic knowledge of the different types of coverage available. That is what I am here for you today. I am here to help you walk away with a basic knowledge of the types of insurance, but again, working with an independent broker or agent is going to help you get the business where you need it to be.

And you do need to evaluate the different types offer coverages available and what you need to purchaser. So, every year, at least, take a step back, look at the policy and make sure it works with your business, or mid-year, if you do an expansion in a different direction, it is time to talk to your agent or broker, and make sure you are covered. You do not want to expose yourself to the kind of liability, the kind of risk and liability you can find yourself in as a business owner without proper insurance. Next slide, please.

All right. Automobile. Do you need a commercial or personal auto policy? Personal and Commercial Auto Insurance Policies provide similar coverage but there are distinctions. They typically have higher limits in commercial than a personal automobile policy.

For example, a typical Commercial Policy may have a liability limit of \$1 million. That is just an example. Your personal may have a limit of \$300,000, \$500,000. Those Commercial Policies have higher limits and many times well beyond a million dollars.

Commercial Auto Liability Insurance Policy may also have provisions that cover rented and other non-owned vehicles, such as employee-owned vehicles that are driven for company business.

So, it is possible that you are running a business and your personal auto policy will work, but you need to check with your insurance company and make sure that works for you. You do need to consider the risk that you are actually exposing yourself to, and you need to consider the fact that a personal Auto Policy

might not quite get you there.

You can put your questions in the Chat and I will make sure we have time for a 15 or 20-minute Q&A at the end, even if I have to talk pretty fast toward the end. Next slide, please.

Several factors should be considered when determining whether a Personal or Commercial Policy is appropriate. Consider it, but also have a conversation with your agent, broker, insurer, et cetera. Who owns or leases the vehicle? You or the business as an entity?

If the business as an entity that, is an easy answer. Who drives the vehicle? You or your employees? How is the vehicle principally used? Is it used for transporting people, delivering packages or carrying hazardous materials. You are going to work through all that information with your agent or broker, and make sure you land in the right policy.

Next slide, please.

Do you allow your employees to take the vehicle home, or is its use restricted to work hours?

So, discuss these issues with your insurance producer. Talk to them about collision and comprehensive to determine what best protects your vehicle from losses and damage.

So, liability that is going to protect you from that liability to others. But that Collision and Comprehensive, that is the insurance that is going to cover the vehicle itself, so, the actual vehicle that you own, and that you are using for your business, is covered under the Collision and Comprehensive part.

The liability, that is protecting you, should you harm others or their personal property.

Banks and other financial institutions with a security interest in your vehicle will require both comprehensive and collision coverage to protect their interest in the vehicle.

That is a little bit of a wordy way of saying, if you finance the vehicle, the bank is going to make sure you are protecting their interest, so you will have the Collision and Comprehensive, and it will be required by the bank.

If you have a van, like our van on the screen there that you bought in cash, or that you paid off you are making the decision whether or not you are going to carry that Collision and Comprehensive insurance.

If your business owns or leases the vehicle, make sure the name of the business is listed on the policy declaration page as the insured.

So, important that the name of the business is on there, on that policy declaration page.

If you are relying on either a Personal Auto or Personal

Umbrella Liability Insurance Policy to provide you with protection for your company's use of vehicles, review the policy language.

So, if you are thinking to yourself, well, my insurance company said it is okay. You know, they have written the policy in such a way that I can deliver what I am going to deliver, and, yeah, I only have \$100,000 in liability, but I have an Umbrella Policy that covered me up to \$2 million, so I am okay.

Maybe. Look at the language, and make sure that that makes sense. Make sure that the policy is written, that should \$100,000 in liability on your personal policy not be enough, and theoretically you would need that umbrella policy for a claim that, it would be allowed to be used in that situation.

So, make sure you check that language to make sure it makes sense.

Many personal insurance policies exclude business-related liability claims.

Stuff to think about. If you are working with a good agent or broker, they will hold your hand through this process. Next slide, please.

If your employees operate a company car, make sure they have a good driving record, and are trained properly before you entrust your company vehicle to them.

So, the insurance company is going to want to know their driving record.

These are decisions is you are going to need to make in terms of how much risk you are going to take on, should you hire employees without perfect or close to perfect driving records.

You are making the decision how much risk you want to take on, but the insurance company is also going to have a say in that, as well.

Failure to do so may expose your company to additional liability. Should the insurer not be presented with all the information, the risk presented by your employees may exceed the company's underwriting Guidelines and prevent you from getting insurance with the company you desire.

Which is to say, should you hire employees, and should those employees have poor driving records such that your insurer does not want to take on that risk, that could become an issue.

Consider increasing insurance on your business vehicles to cover permanently attached items such as a generator or storage unit.

Just think about that kind of stuff. Like, if you are operating a food truck or something along those lines, what is permanently attached to that food truck or van might need to be

coffered, as well. Next slide, please.

So, what type of insurance do you need for your physical space or equipment? Property insurance protects small business owners from losses due to damage to their business property, including their business' physical space or equipment.

Say, if you are a business you operate out of, you may not own the space, but just the business stuff.

For insurance purpose, business property includes the physical building in which the business resides, which you may or may not need coverage for, as well as the property owned by the business that is located within the business, and other assets of the business.

Next slide, please.

So, this is a religious of things you want to insure. the building or physical plant where your business is located. Inventory, furniture, equipment, supply, signs and intangible items such as trademark, copyright, other Intellectual Property, talk to your agent or broker. Next slide, please.

Photograph there are three types of prompt insurance plans. There is the basic form. In a basic form, it provides coverage for losses resulting from a basic set of perils, fire, lightning, wind storm, hail, explosion, and it includes the cost of removing property to protect it from further damage. Basic form.

A broad form expands, extends it to other types of perils, such as a roof collapsing, et cetera. So, again, the basic and then the broad gets broader, and then the special form includes basic and broad coverages, as well as other losses, except for those that are specifically listed as being excluded.

There is not going to be a test afterward, but this is definitely something you want to talk to your insurance agent or broker about to see what makes the most sense for yourself and for your business. Next slide, please.

All right. You can purchase either actual cash value or replacement cost value for your property.

Actual cash value, if something happens to your property, actual cash value, they are going to essentially pay you what it was worth at the time of loss.

So, a really simple example is the chair I am sitting in, which I paid I think around \$200 for in 2020. What is it worth today? I don't know. Let's say it is worth \$100. So, if something happens -- if I have this insured, something happens to this chair today, and I have an actual cash value policy, I am going to get \$100 from the insurer.

If I have a replacement cost policy and say this chair now

costs \$300, then essentially they will replace the chair for what it costs today, and I will get a brand new chair.

Replacement cost value versus actual cash value.

Next slide.

I am trying not to go too fast, but I am trying to get through everything.

Okay, this is a big one.

What type of insurance do you need if you can't operate your business?

So, you might not even know that that was a type of insurance.

But it is. It is called Business Interruption Insurance. So, Business Interruption Insurance is also known as Business Continuation Insurance.

It provides coverage for expenses associated with running a business, such as payroll, utility bills. When the business is unable to operate for an extended period of time.

Generally, because of a fire or another kind of loss, that is specified in the policy.

And what losses are covered, what kind of losses would be covered, and how much would be covered, is going to depend on the language in your policy. It is all going to come back to the language in your policy. It is really important as a business owner, again, that you work closely with your insurance professional, and that you know what that language in your policy says. Next slide, please.

So, business interruption coverage can be added to a property insurance policy, or purchased as part of a package -- a Business Insurance package.

Even if you do purchase business interruption coverage, you should be aware that this type of coverage is typically not triggered until a specific period of time has passed following a covered loss. The time period will be in your policy. In plain language, say a week. So, that first week of expenses is on you. If you don't think you cover expenses for a week or two weeks, you need to talk to that agent or broker, and make sure they understand, if you are looking at business interruption coverage, you are going to need it to match what you are able to cover on your own, should something happen.

All right. So, what type of numbers do you need if someone is injured related to the operation of your business? That is, I think, probably the one first and foremost on the minds of most business owners, because that is the one you hear the horror stories. You know those claims can go into the millions of dollars, and that is definitely -- this is definitely important.

This is Liability Insurance, also called commercial general liability, often just referred to as CGL.

This protects your business against the economic loss, and expense associated with claims filed against area business for bodily injury, property damage, injury to reputation caused by slander and libel, and also the harm caused by false or misleading advertising. That is a pretty big bucket.

Bodily injury claims include damage that is a result of somebody falling while visiting your business. Or if you are manufacturing a product and that product itself falls or injures a person. So, just sort of, you know, this is the coverage that covers you for what is generally a business owner's worst nightmare. Next slide, please.

The CGL policy is advantageous for two reasons.

First, the insurance company will defend you against any covered claim at no out-of-pocket cost to you. So, your defense is included in this at no out-of-pocket expense to you.

Second, if your business is found responsible, the insurer will pay at least part of, or maybe even all of the damages owed. That is going to depend on the language in your policy. Next slide, please.

So, the amount temperature insurance company pays depends on the type of damages and the amount. It is a lot. You may feel like you have to know this and that and very specific insurance terms.

So, under the umbrella of this liability coverage, there is compensatory damages. There is non-compensatory damages, and there is punitive damages.

So, compensatory damages, those include expenses insured by the claimant and a result of the injury. Under that umbrella, we have cost of medical services, lost wages. Things that are measurable. Quite measurable. Might have a very specific dollar amount attached to them.

Then there is non-compensatory, or general damages that. Includes non-monetary. Doesn't have necessarily an easy dollar amount attached to it. Such as pain and suffering. An in general punitive damages are typically not covered.

Punitive damages are additional moneys awarded as a penalty and sanctioned against the defendant as a form of punishment for its actions. That would be in the case of some kind of severe neglect on the case -- on the part of the business owner.

So, maybe something like you allowed someone to knowingly operate a vehicle knowing that, you know, this person had a horrific driving history.

Putting people in that dangerous situation and you as a

business owner were aware you were taking that risk.

In general, those business owners avoid taking those kinds of risks, because that might be coming out of their pocket.

All right. Cyber Liability Insurance. We are doing another pit.

This type of insurance is customized to fit the particular needs of your business. The policy may cover security breaches where sensitive information is either hacked or inadvertently disclosed.

For example, the policy may pay for increased expenses to provide credit monitoring for consumers. We have all been, I guess, most of us probably have been awarded a year's worth of credit and monitoring from one company or another, maybe a dozen different companies.

So, if you ever had that as a business owner, that would likely fall under your Cybersecurity Liability Insurance. The repair or replacement of business assets that were damaged as a result of a security breach. And that risk is real.

Phishing attempts are everywhere. All of us are targets. And, as well, operating the business should there be a Cybersecurity breach interruption. Should it be caused by a cyber breach of some sort, that could actually fall under your Cyber Liability Insurance as opposed to your business interruption, depending on how the policy is written.

And I will also talk about flood insurance. If you buy a policy for your building to cover your building, it is not going to cover flood insurance. Flood insurance is a separate product. It is a separate insurance product.

If you are operating your business in a location where it could be impacted by flooding water, you should have flood insurance. Otherwise, flood insurance does not cover damage caused by rising waters. Even if your building isn't in a high-risk flood zone, you may still be at-risk for flooding. It is just something to think about, something to be aware of, and something if you are talking to your agent or broker, and you know the flood risk, or you have a sense of the flood risk of your property, no matter what, bring it up if they don't bring it up.

You can definitely go down the flood insurance rabbit hole on our website, Maryland.floodinsuranceMaryland.gov. Flood insurance, unlike a homeowners insurance policy, has two separate parts. One that covers the building, and one that covers your thing, your contents. That something to know. The other thing to know, there is a 30-day waiting period. I say that because you don't want to get in a situation where you are

not thinking about this. There is a huge storm coming.

You found out that you are at risk. It is five days away and you can't buy insurance at that point. There is a 30-day waiting period. Unless it is a new purchase. If it is a brand new purchase, it can be effective immediately, but otherwise you can't just wait until the storm is on its way. There is that 30-day waiting period.

Next slide, please.

Let's see. So the standard flood insurance policy does cover losses caused by a flood less the deductibles. We haven't talked much about deductibles, but you do want to think of deductibles. You always want to make sure the deductible makes sense for you.

Is it where you need it to be? If \$1,000 deductible makes sense to you, great. If you are, like, well, I would not file a claim until I had \$5,000 worth of damage anyway, there is that opportunity to had bump up the deductible. You bump up the deductible, you lower the premium. In most situations where you bump up the deductible, you are getting a lower premium, but we always have our own personal situations, and you need to understand what works for you.

Then just a little comment here. By law the maximum allowable commercial property limit for a small business is \$500,000. Most people buy flood insurance from the national Flood Insurance Program. Their max for a commercial property is \$500,000. However, there are private companies out there that can write you more coverage in many cases, should you need it. Next slide, please.

All right. A Business Owner's Policy package solution. So, many small business owners purchase a Business Package Policy BOP that includes Liability Insurance, property insurance, business interruption, situation insurance, and crime coverage.

The packages have various types of coverage in each policy, and many insurers do customize those BOPs for specific types of business and that is something that your agent or broker will talk to you about.

You should be aware a BOP does not cover claims of professional liability, claims arising from allegedly wrongful practice by professionals.

So, within the BOP you will not find that, the Auto Insurance, Workers' Compensation, Health or Disability Insurance. So, auto is not going to be in the BOP. Workers' Compensation, health/disability, and professional liability. Next slide, please.

Home-based Business Insurance. So, home-based businesses,

like all businesses, should be properly insured to protect the business assets and its owners against certain risks.

Often home-based businesses are under insured. A fact, the business owner usually discovered after an incident or business loss occurs. They are depending on their regular old homeowner's insurance to cover them, and they find out either the language excludes the property that was used for the business, or they find out they don't have enough coverage at all.

So, if you are operating a home-based business, it is important to understand what you have, and what you need. Next slide, please.

All right. So, there are a few of these slides. Tips and considerations for reducing business risks. All of these tips and considerations will not apply to everyone.

So, as a small business owner, you can take steps to minimize risk in the workplace. And it is important that you do so. And your insurance company will want you to do this, as well.

Here are tips that can benefit your business, employees, customers, clients, install fire and security alarms.

Plan and train employees for an emergency on the premises, such as fires and evacuations. Have the employees keep wallets and other personal items in a safe place. Keep cash and wallets and valuables in a safe place. These are important to you and your insurance company, as well. Next slide, please.

If your employees work with machinery, there is going to be rules you have to follow, such as goggles, gloves, said gear. Follow those rules. Keep that office space in good physical condition. You are going to want to check the carpeting, railings, and you are going to want to make sure wiring is in good working condition and not causing any hazards. If the employees operate company cars, as we said, clean driving records and proper training is essential.

Next slide.

Review all insurance policies each year, and note any changes that may affect your coverage costs.

Once a year is great. If nothing really changes in your business from year-to-year, you can probably just, you know, wait for your yearly review. But if you have had an abrupt change mid-year. Let's say you are manufacturing something and you -- you started a new product line. There is some substantial change that has exposed you to more or new risk. Reach out to your insurance professional to make sure that that risk is insured before you even start doing it.

Example, your premiums can be impacted by the addition or reduction of employees. Client product offerings or inventory, alterations to your business or equipment, or change state regulations. Find out how plans differ, to ensure you are purchasing the best policy for your particular business and get a competitive price. That is another thing, too, which I haven't really touched on much.

You definitely should be feeling comfortable shopping around and seeing if you can -- once you know exactly what you need, you know, your agent or broker will probably shop multiple insurance companies, as well, but yeah, it is important to make sure that you get the best price. You are operating a business. You are probably there to make money. Next slide, please.

So, tips and consideration for lowering property and Liability Insurance costs. Claim a tax deduction for your premiums on fire, casualty and burglary insurance. You should be able to claim a tax deduction. Avoid purchasing overlapping policies. Carefully read the terms to make sure you are not covered for the same item in two separate policies.

Again, working with an agent or broker usually reduces the chances of that happening. Next slide.

All right. That only took an hour. I am very happy we have time for the Q&A. The Maryland Insurance Administration toll-free number is 800-492-6116. Our website is insurance.Maryland.gov. Our website has a consumer section with lots and lots of information. We have brochures. Some of our brochures are 20 or 30 pages long, or you can do a deep dive. We have a Commercial Insurance brochure for a Deep Dive, health insurance brochure, then depending on your patience level, we have short videos, if two or three-minute videos is what you have patience for, hey, do what works for you.

Educate yourself as much as possible, and then work with the insurance professional to hold your hand and get you through the rest.

What is the next slide? Our Social Media. Follow us on Social Media, like everybody else.

We are on Facebook and we are on LinkedIn and all the things. We are a great Social Media Team, so they put out all kinds of stuff.

I am pretty much ready for opening up for questions.

Like I said earlier, I do have the Director of Our rapid response program, Mary Jo Rogers with us today, but I can't wait to see your questions.

>> KOHELL RICKLEFS: I do have some questions in the Q&A. The first one, are there any common insurance differences that

attendees from other states should look into, may think differ from what is done in Maryland?

>> PATRICIA DORN: I will start that one out and then let Mary Jo piggyback on to it. I think a lot of these are pretty standard from state-to-state. Your auto insurance that, will be your big one. There are a lot of very specific auto insurance laws that change from state-to-state. Did you have any other comments on that, Mary Jo?

>> MARY JO ROGERS: Auto is different, but general insurance concepts are going to be consistent from state-to-state. If you are not in Maryland, every state has a Department of Insurance, and you can reach out to that Department of Insurance for information specific to your state.

The best way to find the contact information for your Department of Insurance is to check the National Association of Insurance Commissioners websites at NAIC.org. Again, NAIC.org.

There is a link to every state's Department of Insurance on their website.

>> PATRICIA DORN: Thank you, Mary Jo. And I put that in the Chat.

To Mary Jo's point, insurance is regulated by the states. That means that every state has a Maryland Insurance Administration. We call it a Department of Insurance. So, each state has a Department of Insurance, as well as DC. And our territories.

And there is, with regard to most of these products, they are pretty standardized from state-to-state, but there are certain insurance products like auto insurance that can be actually quite different with regard to the laws from state-to-state. So, auto insurance definitely stands out as that example.

>> KOHELL RICKLEFS: I have some more questions. Can you explain more on insurance Intellectual Properties?

>> PATRICIA DORN: Not a lot more. I am not sure if Mary Jo has anything additional?

>> MARY JO ROGERS: Generally, if you purchase a property coverage, business or commercial property coverage, Intellectual Properties are often included in that coverage. So, you would have coverage under business property coverage. Again, speak to your producer, or if you purchased business property coverage, read your policy to see what is covered, and what limitations there with, but that may be something you want to specifically address with your producer to make sure you have adequate coverage if that is a large part of your business, Intellectual Properties.

>> KOCHELL RICKLEFS: The next question. Where there is separation of business used versus personal use. If you are going to to lunch and going home from non-work social events, you went after work, so, basically what I think is being asked, where is the separation of business use versus personal use? Maybe in a vehicle?

>> MARY JO ROGERS: Patty, do you want me to take that one?

>> PATRICIA DORN: Yes. Thank you.

>> MARY JO ROGERS: Okay. First of all, if the vehicles are owned by the business, you are going to want to insure them under a Commercial Policy as a business. If you have a personal vehicle, you are not going to -- it is not going to be insured. Part-time it is personal use and part-time with commercial use. You are going to pay a rate -- the premium is going to be developed at personal.

It may be a personal car. You will be delivering goods with a personal car. You are also using it for social events, going to the commercial event, the grocery store. You are insuring it as 50% commercial and 50% personal. If it is your personal out that is used sometimes for personal use, and sometimes for commercial use, then it will be rated as commercial use, and it won't matter what you are actually using that vehicle for at specific time the loss occurred. You just have coverage for it no matter which purpose you are using it for.

>> PATRICIA DORN: Mary Jo, if I can ask for clarification. So, that is generally -- we can consider that to be the way it works basically all the time, or is this a situation where somebody should make absolutely sure that the language in their policy -- again, we are talking about differences in laws from state to is state, too. I am guessing this is somebody worried about -- I got a Commercial Policy, but on Saturday I am taking my kids to a soccer game, and I get into an accident. So, you are saying for the most part that would be an okay way to use a policy that is insured under your own Commercial Policy?

>> MARY JO ROGERS: It would be generally. It is still a private passenger Auto Policy, but it is rated -- that means the premium is developed, how much they are going to charge you, based on it being used sometimes for commercial use.

This generally would apply that you use your personal auto, and maybe you make something. Sometimes you use your personal out to deliver what it is you made. Whether it is artwork, craft, or you are a seamstress.

Sometimes you use your car to deliver your product to a customer, but other times you use the car to take the kids to

soccer on Saturday. It is not going to matter. It is not going to break it down, like you use it Monday through Friday for business purposes 9:00 to 5:00, and then on the evenings or weekends you used it for personal use. It is rated for commercial use. So, whatever you need to use it for personal use, it is fine, whenever you use it for commercial use. You see that where the car is used. It might be the only vehicle you use, and it would be covered either way, even if you have a commercially rated private Auto Policy.

>> PATRICIA DORN: Thank you, Mary Jo.

>> KOHELL RICKLEFS: Next question. Does Liability Insurance only apply to bodily injury, or for customers, or does it include employees?

>> MARY JO ROGERS: I can answer that one, too, Patty. Liability Insurance is not going to cover employees unless you physically harmed your employees. You physically attacked them, or you caused slander. So, generally, if an employee is injured while they are working, whether it is your fault or not, they tripped over the carpet and fell and broke their arm in the office, they were injured in a car accident delivering your product, that is going to -- you are to need a Workers' Compensation Policy for that.

Liability Insurance is going to be for customers or other people that are accidentally harmed or injured. Not employees. Employees would be covered under a Workers' Compensation Policy for injuries resulting from their employment.

Unless, again, you have hit your employee, you got mad and injured them, struck them. You see that sometimes in sexual harassment situations, where an employee claim these were sexually harassed or slanders. You fired an employee over Facebook personal information.

But generally, if someone is injured in the course of employment that, means Workers' Compensation.

>> KOHELL RICKLEFS: Next question. What are common occurrences in which a commercial insurer drops or terminates coverage from a business?

>> MARY JO ROGERS: I can talk.

>> PATRICIA DORN: Go for it.

>> MARY JO ROGERS: You can get dropped, canceled or non-renewed as a result of too many claims. So, if you file a lot of claims, just like your auto insurance, if you present too many claims to an insurance company, they may determine you no longer qualify. You are at risk, that they are not willing to any longer accept, then they would have to cancel or non-renew.

They do have to send you a notice in a timely fashion. You

can always protest that cancellation with us, and we would make sure that they have, number one, done it properly, and, number two, that the reason they are canceling you does comply with their underwriting Guidelines.

Another reason can be, say, for a Commercial Auto Insurance Policy, and you add a new driver, and they run that driver -- that employee's driving record, or their claims' history, and decide that person -- so, they will notify you they are not going to insure that employee, and they are going to cancel your auto insurance, or you can exclude that employee and not allow them to operate your vehicle.

Another reason can be if they feel you have intentionally misrepresented information. Again, you have that Auto Policy, that Commercial Auto Policy. You hire someone that really a great employee, they have got -- maybe they made a bad error in judgment and got a DUI, but you really like this employee. Other than that, they are a great employee, it was just a lapse, a one-time thing, so you are not telling them that that person is operating your vehicles.

The person has an accident, the insurance company finds out. that is misrepresentation. Misrepresentation can be a reason that they can immediately cancel your policy. So, you have to make sure you give them accurate information when you fill out that application and they ask you questions, so you have to make sure that you are honest and truthful in answering all the questions.

Those are generally the most common reason are, claims history. You have presented too many claims and you no longer qualify under their Guidelines.

>> KOHELL RICKLEFS: Next question. Does cyber liability cover cyber ransom?

>> PATRICIA DORN: Likely. And with these policies I would be very clear you understand what? Each individual policy, because these can be different from policy to policy.

>> KOHELL RICKLEFS: Next question. What if a claim of harm or damages is not at a physical business? For example, I am developing a Learning Platform for learning professionals. What if they found the platform leads them astray and led them to harm?

>> MARY JO ROGERS: That is going to be covered. It doesn't -- again, it can be indirect consequences, that you are going to be held liable for.

What you may want to consider, also in this situation, but talk to a producer, there is something Patty didn't really go into.

It is a type of professional liability coverage. Most people are familiar with when you are talking about medical providers. That is called medical malpractice practice insurance. For other types of professions, it is called errors and omissions coverage.

That may be another coverage that you would like to speak, or should speak to a producer about. The short form, we call it E&O coverage, it is errors and omissions.

Insurance agents and producers are required by the State of Maryland to purchase errors and omissions coverage to protect Maryland consumers, if that insurance producer does something wrong in quoting and binding insurance policies.

So, it may be another type of coverage you want to talk to a producer about, is getting an errors and omissions policy.

>> KOHELL RICKLEFS: Thank you. All right. Does the timing matter when you apply for flood insurance? Example, during or outside hurricane season?

>> PATRICIA DORN: I did say there is a 30-day waiting period.

But other than that, no. Other than that, the rate is going to be the rate.

>> KOHELL RICKLEFS: All right.

If you work from home, does the business insurance cover the whole house, or just one room you use as the office. Even if you might get client visits, staff events, or meetings at your home?

>> PATRICIA DORN: So sometimes your homeowners insurance itself can cover a small business, but in a situation where you have a separate policy, I will defer to Mary Jo for those details.

>> MARY JO ROGERS: It is going to depend on the terms of your policy. You are going to have to read the policy. If you hold meetings at your home, it could be around the kitchen table, but you hold meetings at your home and you don't just have a separate little office space where you meet clients, but you are going to need to discuss that with your producer. Hey, I need to come into the office to discuss business. Or I hold meetings in my home where I have a group of people in my home and do presentations.

So, you will want to speak to your insurance producer and let them know actually what you do, and what types of activities occur in your home so that they can make sure that you are properly covered. You may need some endorsements for your policy and policies vary from company to company.

So, it is very important when you talk to the producer and

you are securing your policy, that you give them all the information you can think of. It is really important.

>> KOHELL RICKLEFS: Great. Thank you. Can you explain more on flood insurance and Intellectual Properties?

>> MARY JO ROGERS: I am not quite sure. Intellectual Properties, again, the prior question with someone developing some kinds of plans. Maybe you are developing a Continuing Ed program for a specific profession. That may be considered an Intellectual Property. Maybe you are writing a cookbook and your recipes may be considered.

So, it is -- generally, Intellectual Properties are not tangible things. They are not going to be art work you create, or a craft, and the product. It is things generally held in the brain. Generally business property insurance coverage covers that.

What Intellectual Property insurance is, is something you should discuss. I don't want to keep saying go back to your producer, but that is what you are going to do to make sure you are not purchase as one-size-fits-all product, but that you are buying a policy that meets and fits your specific need.

So, if you -- and I can't say -- again, because Intellectual Properties are so varied and vast, I can't say something, well, this type of Intellectual Property would need this kind of coverage.

It is generally covered under business products because your business product -- that is what your product is, that Intellectual Property. So, talk to your producer. Let them know what it is you develop and deteriorate. It could be you are a author writing a book or manuscript. So, again, talk to your producer --

>> PATRICIA DORN: Mary Jo?

>> MARY JO ROGERS: Yes?

>> PATRICIA DORN: Can I ask you for clarification, where is the risk. Is the Intellectual Property being stolen?

>> MARY JO ROGERS: It can be stolen, or it can be lost. If your Intellectual Property is contained on a computer and the computer is hacked, and that would be where it is stolen, someone somehow or another steals that, or you don't have a hard copy and the computer crashes and you lose it that way, they are going to want documentation, but it is generally -- most of the time it is going to be theft of intellectual property but it can be a loss of Intellectual Property. Most of the time it is going to be theft.

>> KOHELL RICKLEFS: Okay. Just a couple more questions. How much coverage is recommended for a small beauty or

service-based business when renting a space?

>> PATRICIA DORN: I will say, that is going to depend. Even the definition of small. It is going to depend on all the variables that make up that risk. They are renting a space. They are not insuring the actual building itself. But they are insuring all of the other risks. So, this is just one of those situations where I don't think anyone can give you a good estimate. You need to work with somebody --

>> MARY JO ROGERS: And here is also something else to consider. When renting a space, meet with the producer, as well. Let them know the lease being acquired and you will need X amount of insurance.

Same thing with restaurants, if you are leasing the space, usually the owner of the property will have specific amounts of liability coverage they want the business to have. So, look at the requirements of the person in the lease. Then talk to your producer and let them know what the lease requires.

>> KOHELL RICKLEFS: Okay. Is product Liability Insurance important if I sell my own products?

>> PATRICIA DORN: Product Liability Insurance? Yes.

>> KOHELL RICKLEFS: So, the answer is yes?

>> MARY JO ROGERS: Yes. It is going to protect you. If something happens with that product, and say someone feels they were harmed by the use of your product.

As Patty explained earlier, it will provide you no out-of-pocket cost to defend new a lawsuit. Then if that person gets a judgment against you -- gets awarded damages, then the insurance company is going to pay it.

That is a personal decision, but I think it is important, but it is a personal decision whether or not you think you are going to need that. I guess it depends on, also, the product you sell.

>> KOHELL RICKLEFS: We just had another one come in. Do insurers use credit scores when determining rates?

>> PATRICIA DORN: So, with auto insurance rates in the State of Maryland, they can. The Maryland Insurance Administration publishes a rate guide to make it a little bit easier on consumers to see which companies -- we have an asterisk to tell you which companies are using credit scores and which are not. With regard to auto insurance companies in the State of Maryland, they absolutely can.

It can be up to 40% of the total premium.

I can not make any comments about that in any other state. I don't know if Mary Jo has any other comments on that.

>> MARY JO ROGERS: Yeah. I am not sure, other than it is

definitely used in auto. Most auto insurers do use it. There are a few that don't. I can tell you the majority, especially all the big companies that you see advertising on television, pretty much all of them use credit scores on auto.

I am not sure on commercial whether they do or not. You can ask the producer when you are applying. Or ask the insurance company, and they will let you know if they are or aren't.

>> KOHELL RICKLEFS: We had another one come in. They keep coming. Does product Liability Insurance cover problems or damages when using a third-party seller like Amazon or Etsy, where they get it directly from third-party manufacturer?

>> MARY JO ROGERS: Product liability can come back to you, the person that manufactured that, even if you are selling it through a third-party seller like Amazon or Etsy.

The person purchasing the item, if they claim the item injured them or caused them harm, or caused damage to their property, the manufacturer still can be held liable. I can tell you generally there is something called the shotgun approach. When people file lawsuits, they will name every potential entity that could be involved so, they could sue you and Amazon, as well.

So generally, selling your item through a third-party seller does not protect you from a liability suit.

>> KOHELL RICKLEFS: Patty and Mary Jo, I want to thank you for all the information you provided us today. It has been a lot, but it was great information. I can not -- I learned some things and I thought I knew a lot about insurance and I didn't!

The next slide that we do have is the Survey for today's Webinar. If you could please complete the Satisfaction Survey.

If you use the QR Code, that will allow to you do that feedback.

We can follow-up, as well, with an email.

We appreciate your feedback. It is important to us to be able to offer these Webinars for your knowledge-based learning.

And there will be a follow-up to the Webinar in one-to-two weeks. They will have questions-and-answers. Any questions that were asked that weren't answered, we will get those to you shortly through our presenters also, too. All right. That is all I have for today.

Again, thank you, Patty and Mary Jo, for all your knowledge, and taking the time out of your day!

(Session was concluded at 3:23 PM ET)

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