

PROTECTING YOUR ASSETS

All too often SMEs are so caught up with developing a brand, recruiting employees and creating a solid marketing plan, that they forget to purchase one of the most important things that can protect them from the risks, says independent financial advisor, Greg Pogonowski.



While getting insured may be the last thing on your mind, it shouldn't be neglected; small business insurance can protect you from damages such as theft, lawsuits and injuries; issues, that if not handled correctly, can mean the demise of your new business.

That said, while there are a variety of business insurance types available to cover almost any incident, for small businesses there are only four; general liability, product liability, professional liability and commercial property:

A General liability insurance: This insurance, while the most basic, is the most important type of insurance any SME should own, no matter if they sell a product or service. What this insurance type does is protect you whenever a legal issue arises, such as accidents, injuries, or claims of negligence.

It can help you with the costs of defending yourself in court due to a lawsuit, can protect against you paying out of pocket for property damage, and can even help cover medical expenses due to bodily injury on the job.

B Product liability insurance: If you are a small business owner and you manufacture, distribute, or wholesale a product, it is best that you get this type of insurance. What it does is protects you from financial loss associated with your product if there is a defect, and if this results in causing injury or bodily harm to a consumer.



However, the amount of insurance you'll need to buy will vary on the kind of product or merchandise you sell. For example, owning a clothes store will have many fewer risks than owning a baby toy store or an appliance store.

C Professional liability insurance/Errors and omissions insurance: If your business revolves around providing a service, it would be in your best interest to purchase this type of insurance. It protects you if your business is ever sued for errors on your part when providing services to your customers (malpractice and negligence).

Depending on where your business is situated and what profession you are involved in, you may be required to purchase this insurance automatically by law. For example, if you're a physician, most governing bodies require you to have malpractice insurance.

D Commercial property insurance: This type of insurance helps protect you from financial and property damages

associated with natural events such as fires as well as those due to, for example, vandalism. This can include anything from actual damage to the building to the destruction of important documents, or technical appliances such as computers and the like. It may even cover the loss of income due to particular damages.

There are two types of commercial property insurance all-risk policies and peril specific policies. The type you get should depend on the type of area your business is located in. For example, if your office is in an area that particularly has a lot of crime, you should definitely consider purchasing a peril-specific policy since this insurance guarantees coverage for losses that are listed on the policy.

E Additional note: For those who run an at-home based small business there is no specific insurance available to cover losses. While a traditional homeowner's insurance policy may cover some losses such as property damage, it would be in your best interest to acquire multiple insurance policies, such as general and professional liability to cover all other areas. ■

About

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