



Commercial Insurance

Introduction to Commercial Insurance

Whether you are contemplating starting a new business, are a new business owner, or have owned a business for many years, commercial insurance can be one of the most important ongoing financial investments you make in the life of your company. One of the first steps in purchasing small business insurance is to contact a licensed insurance broker-agent who specializes in commercial coverages.

What Kind of Insurance Do I Need to Purchase for My Business?

Depending on the individual risk characteristics of your business, the broker-agent will present you with different coverage options for purchasing commercial insurance. It is ultimately your responsibility to make an informed decision and choose the insurance that best fits your business plan. Commercial insurance is divided into two main categories:

Property Insurance

Provides coverage for property that is stolen, damaged, or destroyed by a covered peril. The term “property insurance” includes many lines of available insurance such as:

- Commercial Property- Basic commercial property insurance usually covers losses caused by fire, lightning, wind and hail, or acts of vandalism.
- Coverage Forms and Endorsements - There are various coverage forms and endorsements in addition to the basic property coverages that can customize coverage in a commercial property insurance policy.
- Inland Marine- Can cover a variety of transportation exposures; Inland marine is a specialized type of property insurance that primarily covers damage to or destruction of your business property while in transport.
- Boiler and Machinery- Boiler and machinery insurance covers business property, other property losses, and legal fees (if any) that may result from the malfunction of boilers and machinery.
- Crime- Provides protection for the assets of your business including merchandise for sale, real property, money and securities.

Casualty Insurance

Casualty insurance provides coverage primarily for the liability exposure of an individual, business or organization. Liability from the negligent acts and omissions of an individual, business or organization that causes bodily injury and/or property damage to a third party is the subject of casualty insurance coverage. Below are the most business casualty insurance lines.

- Commercial Automobile- Commercial automobile coverage can protect your company from any liability stemming from automobiles used in your business or any damage to the covered automobile.
- Commercial General Liability - Commercial General Liability (CGL) is the standard commercial liability policy used to insure businesses. There are three primary coverage sections that make up a CGL policy: premises liability, products liability and completed operations.
- There are major exclusions under a CGL policy so it is always important to read and understand all coverage exclusion. If you do not understand the coverage exclusions or limitations of the CGL policy, then contact your broker-agent.
- Commercial Umbrella - A commercial umbrella covers the amount of loss above the limits of a basic liability policy.
- Workers Compensation - When an employee suffers a work-related injury or illness, workers compensation insurance steps in to provide benefits

Follow this QR code
for more information:
qrco.de/cdic





based on the type of illness or injury sustained. As a California employer you are required under California Labor Code Section 3700 to provide workers compensation insurance for your employees.

What Is a Business Owners Policy?

Designed specifically for small businesses, a Business Owners Policy (BOP) is a combination commercial policy that covers property, general liability and business interruption.

What If I Have Trouble Locating Insurance for My Business?

Your broker-agent can explain the options you may have in seeking and securing commercial insurance such as:

- Surplus Line Insurance - Sometimes referred to as the “non-admitted” market, surplus line companies offer insurance to businesses that cannot find insurance in the standard market.
- California FAIR Plan - The California FAIR Plan may be an option for providing fire insurance to commercial property owners. Contact a broker-agent to help place coverage with the California FAIR Plan.

In Summary

Commercial insurance by its very nature is complex. However, it is possible with the assistance of a competent licensed broker-agent to steer clear of the pitfalls and make good decisions when purchasing insurance for your business. This handout is meant to be a starting place for the small business owner considering purchasing commercial insurance coverages.

Filing a Complaint (Request for Assistance)

The California Department of Insurance is committed to protecting consumers’ rights. Many questions can be answered over the phone. If we are unable to resolve the issue over the phone, you can file a Request for Assistance form by mail or online on our website. The system will allow you to attach copies of all necessary documents, such as policies, canceled checks and correspondence. Some examples of the issues the Department may be able to help with include:

- Improper Denial of Claim
- Cancellation or non-renewal of a policy
- Delay in settlement
- Alleged misappropriation of premiums paid
- Alleged misrepresentation by an Agent/Broker or solicitor
- Unfair underwriting practices
- Dishonest or deceptive insurance sales tactics

Contact Us

Consumer Assistance Hotline:

1-800-927-4357

TTY 1-800-482-4833

Visit us on the web at:

www.insurance.ca.gov

To order additional materials contact

Community Relations & Outreach at:

crob@insurance.ca.gov



Led by Insurance Commissioner Ricardo Lara, the California Department of Insurance is the consumer protection agency for the nation’s largest insurance marketplace and your best resource for honest and impartial answers to insurance questions. Knowledgeable insurance professionals are available through our consumer hotline. Call 1-800-927-HELP (4357) or visit www.insurance.ca.gov to view all of our consumer information guides and insurance resources. These tools are available to consumers free of charge.