



A consumer information  
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## New Hampshire Insurance Department

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# Commercial FAQs



The New Hampshire Insurance Department makes sure that insurers doing business in the state are financially sound, that insurance is available and appropriately priced, and consumers are treated fairly by doing the following:

- Licensing insurance companies and monitoring their financial stability
- Reviewing insurance forms and premium rates to be sure they comply with state law
- Licensing individual insurance producer/agents and brokers as well as insurance agencies
- Helping consumers with questions and problems
- Ensuring that insurance companies and producer/agents comply with state insurance laws
- Educating the public about insurance
- Advocating reforms that protect the insurance-buying public

## 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. A broker-agent's proposal is just that, a proposal. When all is said and done it is your responsibility to make an informed decision and choose the insurance that best fits your business plan. The relationship that you build with a broker-agent is extremely valuable in this critical decision making process. An experienced broker-agent has dealt with hundreds of businesses similar to yours. Since commercial insurance can be complicated, you should feel free to discuss any terms, conditions, or concepts that are unclear to you with your broker-agent. It is part of a broker-agent's service to answer your questions and help you understand the insurance you are purchasing.

While your business may not need all commercial coverage lines, it is a good idea to have a basic knowledge of the types of insurance coverage available. As your business changes and expands you will have the necessary knowledge to purchase insurance coverage as new exposures arise. The following commercial lines of insurance cover broad areas of exposure common to most business operations:

### Property Insurance

- Commercial Property
- Inland Marine
- Boiler and Machinery
- Crime

### Casualty Insurance

- Commercial Automobile
- Commercial General Liability
- Commercial Umbrella
- Workers Compensation

### **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. It is written with strict underwriting guidelines including maximum allowable square footage for office, retail, or apartment risks. A BOP is most appropriate for small, "main street" businesses such as: hardware stores, barbershops, greeting card shops, accountant offices, or low-density apartment houses. Discuss the option of a BOP with your broker-agent, as the premium for qualifying businesses can be very competitive.

### **WHAT IS A COMMERCIAL PACKAGE POLICY (CPP)?**

Commercial risk insurance provides more than one type of coverage, such as commercial property, commercial crime, commercial and general liability.

### **WHAT IS THE DIFFERENCE BETWEEN A BOP (BUSINESS OWNERS POLICY) AND CPP (COMMERCIAL PACKAGE POLICY)?**

A BOP is a bundled package of coverages designed for the average small- to medium-sized risk. A CPP is more of a cafeteria style policy where each coverage is tailored to the specific risk and needs of the business. The CPP is used most often in large businesses and those small- and medium-sized businesses that are more unique or with special needs.

### **I AM OPERATING A SMALL BUSINESS FROM MY HOME. DOES MY HOMEOWNER'S POLICY AUTOMATICALLY COVER THE BUSINESS ACTIVITIES?**

The homeowners policy specifically excludes liability coverage for business operations so it is incorrect to assume that coverage automatically exists. Many companies, however, are willing to add business liability coverage by endorsement to the policy for an additional fee but only for some lower risk types of business operations. If you are operating a business from home, it is important for you to discuss what you are doing with your agent/company so you can determine just what you have coverage for and what you don't. This applies to both business liability and business personal property.

### **WHAT COVERAGE IS PROVIDED BY "BUSINESS INTERRUPTION INSURANCE"**

Profits you would have earned, based on your financial records, had your property not been damaged by the covered disaster.

Operating expenses, such as electricity, that may occur even if the main business activities are temporarily stalled.

Some policies cover expenses incurred from operating out of a temporary location while the original premises are being repaired.

### **AS A NEW SMALL BUSINESS VENTURE, DO I HAVE TO REGISTER WITH THE STATE IN ANY WAY?**

A person conducting business under any name other than his/her own legal name must register. For example, John D. Smith doing business as "John D. Smith" does not have to. However, if he conducts business as "John Smith Enterprises," he does have to register, as "Enterprises" is not part of his legal name.

<http://www.nheconomy.com/business-services/start-a-business-in-nh/how-and-why-do-you-register-your-business.aspx>

### **AFTER AN INSPECTOR FROM THE COMPANY REVIEWED MY PROPERTY, I RECEIVED A LIST OF "RECOMMENDATIONS" THE INSURANCE COMPANY IS REQUIRING ME TO ADDRESS. IS THIS LEGAL?**

Yes. Whereas the insurer is providing coverage for losses occurring at your premises or as a result of your business operations, it has a vested interest in the exposures that are likely to lead to a loss. You have a responsibility to control those exposures where possible. Under New Hampshire law, an insurer may cancel your policy, if you fail to comply with reasonable loss control recommendations.

### **WHAT ARE SOME TIPS AND CONSIDERATIONS FOR LOWERING PROPERTY & LIABILITY INSURANCE COSTS?**

- Review all insurance policies annually and note any changes that may affect your coverage costs. For example, your premiums could be impacted by the addition or reduction of employees, product offerings or inventory, modifications to your building, or changed state regulations.
- Find out how plans differ to make sure you are purchasing the best policy for your particular business and at a competitive price.
- Claim a tax deduction for your premiums on fire, casualty and burglary insurance.
- Avoid purchasing overlapping policies. Read the terms carefully to make sure you are not covered for the same item in two separate policies. This type of policy examination also helps you ensure that you are not missing crucial coverage in other areas. NOTE: To help with claims processing:
- Document all your business assets, and keep detailed records of all your insurance policies, as well as copies of premiums you've paid and any documents concerning losses and recoveries.

**MY BUSINESS SUFFERED FLOOD DAMAGE AS A RESULT OF HEAVY RAINS CAUSING A NEARBY BODY OF WATER TO FLOOD THE AREA. IS IT COVERED UNDER MY BUSINESS OWNERS OR COMMERCIAL PROPERTY INSURANCE?**

Flood damage or damage caused by rising stream, river or lake levels, or rising ground water typically will only be covered if you purchased flood insurance through the National Flood Insurance Program (NFIP). This type of damage is not covered under a typical property insurance policy. Policyholders should first contact their agent for their policy to report flood damage. For additional information go to "Floods Happen" at [www.floodsmart.gov](http://www.floodsmart.gov). NFIP coverage information is available for various audiences at <http://www.fema.gov/business/nfip>.

**MY BUSINESS OPERATION INVOLVES THE MANUFACTURING OF A TANGIBLE PRODUCT. DOES A GENERAL LIABILITY POLICY PROTECT ME?**

The general liability (Premises/Operations) policy would respond to bodily injury and property damage claims that occurred as a result of an accident on the premises or work site - i.e., a slip and fall type claim. Injury as a result of a product manufactured by the business is not covered by the general liability or BOP. Manufacturing type businesses need to carry Products/Completed Operations liability coverage which is specifically designed to respond to claims by people who are injured as a result of the product they bought from or through you.

**I USE MY PERSONAL AUTOMOBILE IN MY SMALL BUSINESS. AM I COVERED IF AN ACCIDENT HAPPENS?**

Private passenger automobile policies will have an exclusion for business use of the vehicle. Typically there would be no coverage for an accident if it occurred while being used for business. Some companies do, for an additional charge, have endorsements for some low-risk types of businesses - i.e., real estate agents, Tupperware sales, or insurance agents. Discuss with your agent how your company treats this situation as companies may differ in their interpretation of what constitutes business use. In those situations where the private passenger automobile policy does not provide coverage, you will need to consider a commercial automobile policy.

**WHAT IS THE DIFFERENCE BETWEEN GENERAL LIABILITY AND PROFESSIONAL LIABILITY?**

A general liability policy covers bodily injury and property damage claims that result from your negligence on your premises or as a result of your operations including actions of your employees. Examples are:

- You failed to remove ice from the entry way to your store and a customer slips and falls.
- Your employee is using a fork lift to help load your customer's purchase in the back of a pickup truck and accidentally damages the pickup truck in the process.

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A professional liability policy covers physical and financial injury that may occur to someone as a result of a service provided or a failure to provide in a professional capacity (errors and omissions). Examples of some professions are:

- Architect
- Beautician or barber
- Chiropractor
- Dentist
- Doctor
- Engineer
- Lawyer
- Nurse
- Realtor

To illustrate: A beautician/stylist tries a new hair treatment and the chemicals in the treatment burn the scalp of the client requiring medical treatment.

**IF I HAVE ADDITIONAL QUESTIONS OR AM NOT SATISFIED WITH THE SERVICE THAT MY AGENT OR INSURANCE COMPANY HAS PROVIDED, HOW DO I CONTACT THE DEPARTMENT OF INSURANCE?**

You may reach a Consumer Services Representative at 800-852-3416 or 603-271-2261.