



INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

BUSINESS INSURANCE POLICY

Korna sruthi

MBA IV SEM

CH. Deepthi Reddy

Assistant Professor

Sridevi Women's Engineering College

Hyderabad, Telangana, India.

Abstract:

Insurance Policies play an important role in covering the success or failure of a business venture. Business insurance plans have gained importance in the last few years set off by an increase in cutthroat competition among big organizations and the need for survival of businesses.

A business can be defined as a venture or firm which functions on a low level of production and create lesser number of shareholders as compared to its large business counterparts. Thus, some ventures are incapable of grasp the advantages of the market scale and are therefore safeguarded by their respective governments. A consistent capital flow, frequent development and invention of advanced technology can help in developing the venture in a smart way besides guaranteeing their market presence.

Business insurance plans are essential instruments which provide monetary security to the owner and its stakeholders but the retirement plan under this policy also helps in providing long-term retirement benefits to its employees as well.

INTRODUCTION:

Business insurance cover to defend your business from unexpected events or fall during hard times. Business insurance offers end to end risk management services to provide a safety shield to your business and company from different types of treats, perils, tragedies, etc. The Businesspersons who have started new business with an aim to reach goals and success must purchase company indemnity as this will help them to protect their business from some peril like group life insurance, group med claim, group personal accident insurance, insurance for possessions, and package for agency combustion assurance along with insurance for liabilities.

Business assurance is a wide category of assurance coverage's scheme for businesses. It may also call profitable indemnity. Businesses purchase assurance to keep themselves against monetary losses ensuing from corporal injure to business owned property .A business that has no insurance may not be unable to continue operating after a loss occurs. Business insurance protects you against Large Losses; Business insurance secures your business from victims that can appreciably contact your operations. Examples are flames that destroy your company's structure and a large bodily ruin assert that results from a slip and fall incident at your childhood care business. Such proceedings can be high priced. If they aren't covered by insurance, they could deplete a small company.

Business insurance does not cover each loss. It is not planned to refuge little losses that your company can simply understand. For this reason, various profitable policies cover deductibles. An example is commercial bodily injure coverage . Assume you have purchased complete reporting on a company truck. If a pitch nicks the truck's windshield, the charge of repairing the goblet will likely reduce within the deductible that applies to your inclusive coverage. A few risks are accepted under company policies even though they might cause huge losses.

For instance, earthquakes and floods are expelled under regular property policies since they may root some big losses inside a tiny geographic area. Exposure for these perils is existing under specialized insurance policies. Some risks can't be covered at all. Mainly businesses do not assure their business property against injure cause by conflict, radioactive contagion, or capture by a management authority.

Keywords: Cutthroat competition, venture, stakeholders, monetary security.

Importance of business Insurance:

To run the business, you may be alert of the monetary losses, risks, and some other type of hazards that might harm your business. Company assurance is a type of insurance that gives report to the business to oppose any injure such as natural calamities, thefts, income loss, employee's illness, death or injuries, any type of legal event, and disrupt. These proceedings might cause harsh throwback in your enduring company deals and can lead to enormous sufferers. This might results in closing your business owing to severe income loss. Hence it is essential to purchase an effectual

indemnity plan to protect your business from any sudden events. An insured company can get the consistency of potential investors and customers by assure the security of their speculation for the company's growth.

Objectives:

- ❖ To enable the investor to take a close view of fund performance over the years.
- ❖ To monitor the insurance schemes transactions.
- ❖ To trigger long term strategic planning.
- ❖ Providing a tool to decrease the probability of significant incidents.
- ❖ Providing a demonstration of logical systematic decision making.

Types of Insurance Coverage a Business might need:

There are two types of losses in businesses,

- A. damage or demolition of carnal properties and
- B. fiscal compensations ensuing from complaints.

Businesses can defend themselves and control the damage by purchasing commercial property assurance. They also secure their firm beside the rate of third-party complaints by buying commercial liability insurance.

Property insurance may be bought by themselves or in grouping with responsibility assurance. Countless industries choose to purchase belongings assurance individually in the form of a commercial property policy. The eventual covers buildings, machinery, organization equipment that is usually worn by businesses.

Small businesses generally get property assurance by buying a business owners policy (BOP). A BOP is a package policy that enclose together possessions and accountability protection. Over-all responsibility insurance may be bought individually or as component of balance of payment. Your industry wants this exposure to secure themselves against third-party claims for physical injury, property damage, or personal and publicity abuse.

Property, accountability and Balance of Payments policies are supple thus coverage's can be added or deleted via endorsements as required. There are two other coverage's available- commercial auto and workers compensation coverage's. An auto policy covers trucks, cars, tempos and other automobiles worn by companies. It includes physical damage of vehicle and commercial auto liability. The personal auto policies should *not* be used to insure vehicles purchased by businesses.

Most of the businesses purchase" workers compensation insurance "in consent with state worker protection laws. An employee's compensation policy gives advantages like medical coverage and debility coverage that damaged

employees are entitled to receive under the particular state rules. The policy also encloses employer's responsibility analysis which protects one's business from lawsuits filed by wounded workers.

STEPS IN BUYING BUSINESS INSURANCE

There are five key steps for purchasing insurance for a business.

1. Educate yourself:

Before buying insurance you must have a basic perceptiveness of the four coverages explained over: commercial auto, commercial liability commercial property, and employee compensation. You might need to recognize further kind of exposure, such as errors and omissions liability. The above mentioned coverages are useful to ask new business professionals in your diligence about the assurance coverage's they have.

2. Analyze yourself:

The further step is to know your business so that you are equipped to define your actions to others. Generally a flowchart is seen as an effective way to describe the steps of operations listing out all the properties a business owns also helps explain its operations.

3. Choose an agent or broker:

Help can also be sought from a trusted agent or a broker, who would be a licensed professional with a sound knowledge of insurance coverage and insurance market place. After these steps, the written business description can be shared with the agent/broker who can provide additional information. Now the insurance agent or broker should be able to recommend you with an appropriate coverage that would most suit your business.

4. Buy insurance:

The agent/broker should finish requisite applications to be submitted to insurance companies, which further suggest you available insurance quotes. Here, the agent/broker should be able to assist you in reviewing and comparing the suggested quotes before choosing the one best for your business. After making selection, your agent may collect the premiums from you or instruct you to pay them directly to the insurer.

5. Review Your Insurance coverage's Regularly

The businesses do not continue for long term period. Your insurance policies need to reflect the changes in market scenarios. Insurance policies have to be reviewed regularly (at least once a year) in consultation with your agent/broker, who could suggest you to buy any additional coverage or also change in increasing your limits.

TYPES OF BUSINESS INSURANCE:

1. Professional liability insurance:

Errors and omission insurance also expected as specialized liability covers any losses incurred due to mistakes, negligence or failures in performance. This insurance is not designed universally for every type of business instead has a customized policy written for different concerns of different business types.

2. Property insurance:

Space to group a business is important to every business. This property includes physical space, equipment, signage, inventory and furniture that could be possibly damaged or destroyed in cases of natural calamities, theft and accidents that generally do not receive cover under regular property insurance policies. If the location of your business is prone to such issues, verify through your insurer a policy that could possibly cover most of these damages.

3. Workers' compensation insurance:

This policy will wrap medical treatment, disability and also in case of death where the employee is injured/harmed or dies as a result of the work he was involved with as a part of your business. Even in cases where the employees are not susceptible to major harm as a part of work low-risk health issues like slip-and-fall injuries and certain other health situations similar to carpal tunnel syndrome might be claimed.

4. Product liability insurance:

If your business is in manufacturing products for sale in general market, product liability insurance becomes very important. This insurance ensures coverage's tailored to specific products in cases where products might get damaged when stuck in long.

5. Vehicle insurance:

This insurance would cover the vehicles that might get damaged during business purposes. It is always appropriate to insure company vehicles in case of accidents to ensure business against possible liabilities. Every business should protect its own vehicles against third-party injury and also a comprehensive insurance to cover the vehicles during accidents as well. In case where the personal vehicles of the employees are being used for business, personal insurance would be able to cover them. One major exception to this is if they are delivering goods or services for a fee. This includes delivery personnel.

REVIEW LITERATURE:

- E.R. Hardy Iwamy: "Insurance is a agreement whereby one individual, termed the "insurer" assumes, in arrival for decided thought, so-called the superior, to remuneration to another individual called the guaranteed a amount of money or its corresponding, on the happening of a identified event".
- Dictionary of Business and Finance: "A arrangement of bond or agreement under Introduction [3] which one individual approves in arrival for a supposed to pay an decided amount of money to another individual to make compensation, damage, or injury to something of worth in which the assured has a fiscal attention as a result of certain undefined event".
- Business insurance coverage keeps businesses from losses due to events that may occur during the regular course of business. There are many types of insurance for companies comprising reporting for property loss, legal charge and employee-related risks. Companies estimate their assurance wants based on possible risks, which can vary depending on the type of environment in which the company operates.

Conclusion:

Business insurance in India has changed quickly in the challenging economic environment. Insurance for your business is important and informed move towards protecting your business from major risks and threats like loss or damage of property, legal issues that business firms might get involved in and also unexpected work place injuries. Ensuring the accurate kind of business insurance is a compulsory move towards establishing consistent and sustainable business with minimal risks. Without this you may face major risks like incurring large out-of-pocket expenses that might result in major losses or even shutting your business down. Your type of business and daily events will determine the insurance cover needed. From a financial perspective it's important to research the types of insurance required so these costs can be included in your complete budget. Commercial assurance is an expensive necessity to be kept at a least.

REFERENCES:

www.investopedia.com

www.policyx.com

www.entrepreneurs.com

www.policybazar.com

www.businessinsurance.org

