



HEFFERNAN INSURANCE BROKERS

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Small Business Owners Guide to Insurance

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As a business owner you have to deal with a large array of insurance needs such as property, liability, auto, worker's compensation, health, or disability insurance. This brochure is designed to tell you about the different types of insurance available.

Property Insurance

Property insurance may be one of the most important types of insurance in terms of financially protecting the property and physical assets of your business. Types of property a business needs to insure include:

- Buildings and other structures, leased or owned
- Furniture, equipment, and supplies
- Leased equipment
- Inventory
- Money and securities
- Records of accounts receivable
- Improvements and betterments you made to the premises
- Machinery
- Boilers
- Data processing equipment and media, including computers
- Valuable papers, books, and documents
- Mobile property, such as automobiles, trucks, and construction equipment
- Signs, fences, and other outdoor property not attached to a building

These are three types of property insurance plans. The basic property insurance form generally covers losses caused by fire or lightning and the cost of removing property to protect it from further damage (i.e., removing inventory or equipment from a damaged building so it won't be stolen).

The broad form includes basic coverage plus coverage for "extended perils,"

including windstorm, hail, explosion, riot and civil commotion, aircraft and vehicles that damage the property of the insured.

The special form includes basic and broad coverage and covers all direct physical losses except conditions specifically excluded as listed in the policy.

Liability Insurance

Liability insurance, also called Commercial General Liability (CGL), covers four categories of events for which you could be held responsible: bodily injury; damage to others' property; personal injury, including slander and libel; and false or misleading advertising. CGL coverage pays for the injured party's medical expenses. It excludes your employees, who are covered by worker's compensation.

There are three types of legal damages people may sue you for that are typically covered by a CGL policy:

Compensatory damages: financial losses suffered by the injured party and future losses they may suffer resulting from an injury they claim in the lawsuit.

General damages: nonmonetary losses suffered by the injured party, such as "pain and suffering" or "mental anguish."

Punitive damages: additional penalties and charges the defendant must pay

Types of Claims Covered by Liability

The BOP liability insurance covers claims in four basic categories of business liability:

- *Bodily injury* is damage to a person's body or physical well being.

- *Property damage* is damage to any type of real estate or personal property such as furniture.
- *Personal injury* (including Slander or Libel) is damage to a person's or person's business entity's reputation or basic rights, such as the right to be free from interference and to have privacy.
- *Advertising injury* refers only to a liability for the harm caused as the result of the insured's advertising its goods or services, such as an advertisement that slanders another organizations products or services.

The liability coverage pays for medical expenses of the persons, other than employees, who sustain injuries at the insured business or as a direct result of the operations of the insured business.

The liability coverage covers liability claims that stem from ownership or control of premises, products and completed operations, and certain types of contracts. The term "premises" includes land, building and other property. This part of the policy, known also as owners', landlords' and tenants', covers claims due to the failure to avoid harming customers, salespeople or other people (even trespassers) who are on their premises.

"Products" coverage includes claims that stem not only from the manufacture of products but also from their distribution and sale. "Completed operations" is work that has been performed, such as the repairing of appliances, the cleaning of chimneys or the installation of plumbing.

However, liability insurance will not protect you against claims arising from nonperformance of a contract, wrongful termination of employees, sexual harassment, or race and gender lawsuits.

This is another good reason to carefully read your policy.

Exclusions

The most important exclusion to note is the exclusion for injury and property damage that is intended or expected by the policyholder. For example, if you distributed a letter containing false negative information about a competitor in order to put him or her out of business, the policy would not cover the competitor's claim for damages.

The liability policy excludes liability for exposure that would be covered under other insurance coverages such as worker's compensation and professional and auto liability insurance policies.

Also excluded are claims resulting from damage to the property of others in the business owner's care, custody and control. This is because coverage for such damage is covered under property policies.

Losses relating to contracts or agreements, injuries caused by exposure to nuclear radiation and liability for injury or property damage caused by substances that pollute the environment are excluded.

The liability policy also excludes all coverage for pollution claims. However, to protect your interest in the property you own, and to prevent the pollutants from injuring others, the property form provides \$10,000 toward the cost of extracting the potentially polluting substances from the policyholder's own premises. If you need liability coverage for environmental pollution you must purchase a special policy.

Manufacturers of products subject to product recall, such as food items or toys, should consider purchasing a special policy to cover this exposure. Products are excluded from the policy because of the costs incurred in a recall.

Coverage for administering certain kinds of professional services or failure to render such services may also be excluded from the policy, depending on the extent of services provided.

Legal actions that do not involve a claim for bodily injury, property damage, personal injury, or advertising injury, are not covered. The policy does not cover most contract disputes, actions by governmental agencies charging that a business has failed to abide by regulations or statutes, and charges of pollution.

A claim for back taxes or a penalty for failure to provide a safe workplace is not covered by the policy.

Other Coverages

Business interruption insurance provides coverage if the business premises, vital business equipment, or other business property becomes unusable because of a fire, explosion, or similar covered property peril. As a result most businesses will suffer:

- Loss of net profit that would have been earned, and
- Payments for expenses that continue even though the business is not operating normally (e.g., debt payments, taxes, salaries, and employees).

These losses may be covered by business interruption insurance. The purpose of business interruption insurance is to provide the business owner with what the business itself would have done if there had been no loss.

Extra expense insurance provides coverage for a business to continue operating regardless of the extent of damage to their property. Many businesses can resume operations fairly rapidly but may incur extra

expenses by relocating to temporary facilities, buying or leasing replacement equipment, supplies, furniture, and machines, quickly getting in new merchandise, and notifying clients and customers of the move. Extra expense insurance provides coverage for these increased costs of resuming business.

Optional Coverages

Insurance companies have designed package policies for businesses so that all the major property and liability exposures are covered in a single policy. You can add a variety of coverages to the basic package for an additional premium through an endorsement which adds clauses to the insurance contract.

- Outdoor signs. The policy covers only signs attached to the building itself. The optional coverage applies to signs located on other parts of the building.
- Exterior grade floor glass. The coverage for exterior grade floor glass refers to glass at ground or basement level with an exterior or outside exposure.
- Money and securities. The money and securities option provides all-risk coverage for valuables wherever they are, at the bank, at the business owner's or another person's home, on the business premises, or in transit between these places. You choose the coverage limits that you need.
- Crime insurance. Crime insurance protects businesses from theft and malicious damage, such as employee embezzlement.
- E-insurance or Internet business insurance. E-insurance covers Web-based businesses for damages

caused by computer hackers and viruses.

- Employee dishonesty. The employee dishonesty option provides coverage for loss of business property, including money and securities, due to employee theft, embezzlement, fraud or any other criminal act on the part of the employee. You choose the coverage limits that you need.
- Mechanical breakdown. The mechanical breakdown option provides the same kind of protection available under separate boiler and machinery policy. A boiler and machinery policy provides specialized coverage for machinery and power-producing equipment. Coverage is provided for losses resulting from the breakdown of mechanical, electrical and pressure equipment ranging from boilers to refrigeration systems, engines, compressors, pumps, motors, transformers and other machinery.
- Boiler and machinery policies cover both property and liability losses as well as the reasonable costs of making temporary repairs and expediting repair work. Property coverage is provided not only for the equipment, but also for other property of the policyholder that is directly damaged as a result of an accident.
- A boiler and machinery policy also may be endorsed to cover losses resulting from an interruption of business following an insured accident and losses due to spoilage of specified property, such as food and other perishables, from lack of power, heat, steam, light, or refrigeration resulting from an insured accident.

- Contingent Liability, Demolition Costs, and Increased Cost of Construction. Coverage for demolition costs and increased costs of construction to comply with building codes protects the business owner from expenses to reconstruct property to comply with building ordinances.

An important consideration when selecting these coverages is how much of any damage you can afford to pay yourself without crippling your business's operations. The value of an outdoor sign, for example, may be so low and the likelihood of damage so minimal that it is not worth taking out insurance to cover it. In the same way, you can save money by taking higher deductibles on the coverages you do decide to purchase.

Buying Property and Liability Insurance - Things to Consider

- **Underwriting Process**

Insurance companies decide the types of risks they will accept. This is referred to as "underwriting" and is the process by which an insurer selects and classifies risks according to their degree of insurability.

- **Premiums**

The premiums charged for business insurance vary widely from company to company. It pays to shop around to obtain the best value for your insurance dollar. Insurance premiums are dependent on a number of factors, including location, age and type of building, use of building, local fire protection, choice of deductibles, application of discounts, and amount of insurance you purchase.

- **Deductibles**

The cost of your insurance is directly linked to your policy's deductible amount. The deductible is the amount of money that you agree to pay as part of a claim, before your insurer pays the remaining amount toward that claim. Deductibles reduce costs because you pay the first \$250 or \$500 of every loss.

Since you are actually "self-insuring" for the deductible amount. The deductible is the amount of money, you should ask if the savings is worth it. It is a good idea to get quotations for various deductibles, before making your selection. Deductibles may apply separately to each building covered or to personal property in each building, with an aggregate deductible for any one occurrence.

- **Building Insurance**

What will it really cost to replace your building in the event of loss from a fire or tornado? Are there building upgrades that are required by law when you rebuild (i.e. fire sprinklers may need to be installed) and what will they cost? Does the policy you are considering cover the extra cost to meet current building code requirements?

- **Business Personal Property**

Every business owns some personal property that could suffer a loss. What would it cost to replace all of your furniture, fixtures, inventory (minimum and maximum values during the year) and building upgrade (if you lease)?

- **Business Interruption Coverage**

You need to consider how long it would take to restore your business operations in the event of a fire. Where would you temporarily resume operations? What expenses could you discontinue while repairs are being made?

- **Liability Coverage**

You should check your lease and other legal contracts you have signed to see what and how much liability coverage the contracts require you to carry. You may want to get price quotes for limits of insurance beyond what you are required to purchase according to your contractual obligations, so you can see what higher amounts of coverage will cost. You may decide to either buy all the liability coverage you can afford or you may only want what is required. Many people buy what makes them comfortable for a price they can afford.

- **Report Your Loss History Accurately**

Failure to accurately report past losses could allow an insurance company to legally deny your claim and not pay you for the loss. It is important to disclose any lawsuits in which you've been named as a party and for which insurance coverage was provided. Also, be sure to include any property claims you've had such as those as fires, thefts, or vandalism.

- **Discounts**

Discounts may be available if you have sprinklers, burglar alarms, and security cameras. Make sure that you tell your agent about any upgrades or renovations done to the building, particularly to the roof, heating, electrical and plumbing systems.

Auto Insurance

Most businesses today operate with a motor vehicle. If the vehicles are damaged in an accident or stolen, the business has to repair or replace them. If there is an accident and the business is at fault, the business may be subject to large claims from people injured in the accident. A business auto insurance policy helps to cover both property and liability risks that businesses face because of the ownership or use of autos and trucks.

An auto is defined as any motor vehicle designated for primary use on the road. This includes all types of trucks and trailers pulled by trucks.

The insured is the person or entity who holds title to the vehicle. Owners of small businesses often use the same vehicles for both personal and business purposes. Problems may occur if the insurance is not written in the name of the person or entity with title to the vehicle. For example, John Smith owns the XYZ Company that owns the vehicle that Smith drives for both business and pleasure. Smith told his insurance agent that he owned the car so the agent put Smith's name on the auto insurance policy and not the company's name. Smith is involved in an accident. There may be problems when he attempts to collect on an insurance claim to repair the damage to the car because the insurance

policy requires that the owner of the vehicle be the principal insured.

Bodily Injury Liability Insurance. Bodily injury liability insurance does not protect you or your car directly. If you cause an accident injuring other people, it protects you against their claims up to the stated amounts for medical expenses, lost wages, pain and suffering, and other losses. It will also usually pay if the accident was caused by a member of your family living with you or a person using your auto with your consent.

Property Damage Liability Insurance. Property Damage Liability insurance pays for any damage up to the stated amount you cause to the property of others such as a crushed fender, broken glass, or a damaged wall or fence. Your insurance will pay of this damage if you were driving your auto or if it was being driven by another person with your consent.

Uninsured Motorist Coverage. Uninsured motorist coverage applies to bodily injury you, your family, and other occupants of your vehicle incur when hit by an uninsured motorist or hit-and-run driver. It also covers you and your family if injured as a pedestrian when struck by an uninsured motorist or hit-and-run driver. It protects you by making sure that money is available to pay for your losses that were caused by someone else.

Uninsured motorist coverage does not cover your property damage and does not protect the other driver. Your insurance company may sue the other driver. Your insurance company may sue the other driver for any money the company pays you because of the other driver's negligence.

Underinsured Motorist Coverage. This is an optional coverage that increases the personal injury protection to you and the

people in your car up to the amount of coverage purchased. It becomes effective when the party causing an accident has lower limits than you purchase and the accident costs more. The maximum dollars paid is then the difference between the two limits.

For example, assume the underinsured motorist (UIM) limits selected were \$100,000 per person and the person causing the accident had limits of \$50,000 per person. Under this scenario, you could collect up to \$50,000 from the at-fault driver and up to an additional \$50,000 (the difference in limits) under your own UIM coverage. UIM coverage typically does not “add” the amount you purchased to the amount available from the person causing the accident.

Insurers are required to notify policyholders who do not have UIM coverage of its availability. The limits of UIM coverage, if accepted after notification, is \$50,000 per person and \$100,000 per accident.

Medical Payments. This provides medical or funeral expenses for people injured or killed in your car. It also covers you and members of your family if hit by a car or injured while riding in another car. Medical expense coverage is usually sold as a single amount such as \$1,000. Companies must offer this coverage but you don't have to buy it.

Physical Damage Coverage

There are three basic types of physical damage coverage for motor vehicles: collision, comprehensive, and specified perils.

Collision Coverage. This protects your car if your car collides with an object, including another car, or if it overturns. Your own insurer will pay for such damage even if the collision is your fault. Limits are based on

the actual cash value of your car and it is usually written with a deductible of \$100 or more.

Comprehensive Coverage. This protects your car against almost all damage except loss caused by collision. This includes fire, theft, missiles, glass breakage, falling objects, explosion, earthquake, civil commotion, or colliding with a wild bird or animal. It is based upon the actual cash value of your car and can be written with a deductible. Flood damage to your auto is covered if your auto insurance policy includes comprehensive coverage.

Specified Perils. Because comprehensive covers so many perils, it can be very expensive. For businesses that want this broad coverage, a less expensive alternative is specified perils coverage. This is sometimes called “fire, theft, and combined additional coverage” or “CAC.” It covers many of the perils comprehensive covers, except windshield damage, but it does so on a named peril basis.

Coverage for your vehicle in an auto insurance policy is not based on replacement cost. The amount an insurance company will pay on an auto physical damage or theft claim depends on the “actual cash value” of the vehicle. The actual cash value of the vehicle is the replacement cost less depreciation, which most often is the current market value at the time of loss. Therefore, the company's obligation is to repair the car based upon its actual cash value not its replacement cost.

The insurance company may pay the business owner the value of the loss in money or, at its option, it may (1) repair or replace the damaged or stolen vehicle or (2) return the stolen vehicle to the business owner with payment for any damage caused by the theft.

If you borrow money from a bank or some other financial institution to buy your vehicle, the lender will probably require you to purchase physical damage coverage to protect both of your interests in the car.

Business Auto Insurance Policy

A business auto insurance policy covers both property and liability risks that a business owner faces because of ownership or use of autos and trucks. A policy covering a vehicle used in business also may cover your employees when they are operating their personal cars for your business.

The liability portion of the policy obligates the insurance company to pay because of bodily injury or property damage caused by an accident and resulting from the ownership, maintenance, or use of a covered auto up to the policy limits.

When there is an auto liability lawsuit against the insured business, where the loss is covered by the policy, the insurance company is obligated to defend the business owner or settle the lawsuit. The policy leaves the decision entirely up to the insurance company about whether to defend or settle a given claim. The insurance company's duty to defend or settle ends when the insurance policy limits have been exhausted by the payments of judgments or settlements.

There are three options for liability coverage under the business auto insurance policy: (1) auto owned by the business; (2) all autos owned, hired or leased; or (3) all autos, including those that are not owned, hired, or leased. Most business owners should buy the third type of coverage to protect themselves from liability when an employer or principal is driving a personal auto on company business.

When is the business liable?

An employer is generally liable for the acts of the employees when they are acting within the scope of their employment. So, when employees are driving vehicles on company business, regardless of who holds title to the vehicle, the employer probably will be liable.

For example if an employee takes a company-owned vehicle home at night, generally on the way to and from home, the employer is liable. However, if the employee takes that vehicle out later that night on personal errands, the employer will usually not be liable, because the employee is not acting within the scope of employment.

Controlling Auto Loss Exposure

The cause of most accidents is the driver. Employers should always check driving records of any employees who will drive on company business and never allow persons with poor driving record to drive.

It should be company policy that drivers always use seat belts. Driving safety should be frequently emphasized, and all vehicles should be well maintained.

Premiums

Premiums for the property coverage portion of the auto insurance policy are based on business use, radius of areas of use, and where there is a combination truck and trailer on gross vehicle weight (GVW) or gross combination weight (GCW).

The three types of business use are service, retail and commercial:

- Service use refers to vehicles used to transport people, tools, equipment, or supplies to and from a job location.

- Retail use refers to vehicles that pick up property from or deliver it to individual households.
- Commercial use is when it does not fit under the service and retail descriptions.

There are three radius classifications:

- Local – fewer than 50 miles from principal point of garaging
- Intermediate – more than 50 and fewer than 200
- Long distance – more than 200 miles

Fleet of Vehicles

Businesses that have a fleet of vehicles will of course have different needs than a business with one or two. Businesses need to be aware of how insurance policies are written for a fleet of vehicles. Some provide fleet coverage, which means the business does not have to notify the insurance company when a new vehicle is added; it is covered as part of the fleet. Other policies do require notice to the insurance company of a new vehicle. If the notice is not given, the new vehicle is not insured.

Worker's Compensation Insurance

Worker's compensation is protection mandated by state law for a worker and his or her dependents against injury and death occurring in the course of employment. It is not health insurance and is not intended to compensate for disability other than disability caused by injury arising out of employment.

The purpose of the worker's compensation system is to provide financial and medical benefits to the victims of "work-related" injuries and their families regardless of fault. The laws place the financial burden on the employer and ultimately the consumer. This

compensation is generally the exclusive remedy for the injured employee.

Benefits Payable Under Worker's Compensation Insurance

Worker's compensation benefits can provide the urgently needed medical care. And, it can provide the needed financial support for farmers and their families. Basic benefits include:

1. Coverage of all reasonable and necessary medical costs.
2. Benefits for temporary wage loss (Temporary Partial Disability (TPD) or Temporary Total Disability (TTD) sustained by an employee while recovering from an injury. Eligibility for temporary disability benefits are determined and must be documented by a doctor. Benefits for temporary wage loss due to disability are based on two-thirds of the employee's wage rate up to a specified maximum amount.
3. Benefits for permanent disability (Permanent Partial Disability (PPD) or Permanent Total Disability (PTD)) if the employee does not fully recover from the injury. Permanent disability is awarded for the potential, or actual, loss of earning capacity. The amount of benefit payment for permanent disability depends on the seriousness of the permanent disability.
4. Vocational rehabilitation and retraining. For information on job retraining or placement, call or write the Worker's Compensation Division.
5. If death occurs to an injured employee, death benefits and burial expense will be paid up to specific limits.

Insuring Your Home Business

If you operate a home business full-or-part-time you might be uninsured and not realize it. Many home business owners believe that their homeowner's insurance policy covers all their home business needs. You should not assume that your homeowner's insurance policy will cover your home business. Your homeowner's policy may provide coverage but probably only to a maximum of \$2,500 for business equipment in the home and \$250 away from the premises.

Your homeowner's policy usually does not cover business-related liability, for example, if a customer or supplier is injured on your property. A homeowner's policy also does not insure your inability to collect your accounts receivable if your business records are damaged, and your policy will not replace lost income if you cannot operate your business due to damage to your home.

There are three ways you can buy home business coverage:

- Depending on your home business, you may be able to add an endorsement to your existing homeowner's insurance policy. For example, some insurers offer a home day care endorsement for people who operate a home day care service for pay in their home.
- You may be able to buy several individual business insurance policies to provide various coverages you need, such as business property, general liability and business income coverage.
- Some insurance companies have begun to offer what amounts to a mini-business owner's package policy specifically for home businesses. Some of these policies

cover the loss or destruction of a business property on or off premises; the loss of valuable papers and important business information; personal injury and advertising liability; accounts receivable up to \$10,000; money lost on premises up to \$5,000 and off premises up to \$2,000.

The companies that offer these policies often require that you purchase your homeowner's and auto insurance policies with them. With these policies in place, your home business policy extends the amount of personal property and liability coverage you have on your home to your business. And if a fire or storm makes running your business impossible, your insurance will cover expenses and lost income for up to a year.

Discuss your home business insurance needs with your agent to buy the policy that best fits your needs.

Umbrella Liability Insurance

Umbrella policies cover all underlying liability policies. Umbrella policies are designed to cover large, infrequent losses such as the total cost of claims that may result from a collision with a school bus. To decide whether you need an umbrella policy, think of the most extreme situations like a roof caving in under the weight of a one in a 100-year snowstorm, and the total cost of the claims that such an accident would produce if there were many people in the vicinity; then compare the amount with the limits of your current liability policies.

Umbrella liability insurance provides two kinds of coverage:

- Payments of liabilities in excess of the policy limits for an insured's

basic commercial general liability, or employers' liability coverage; and

- Liability for areas not covered in other liability policies.

An umbrella policy offers you extra liability insurance that pays for a loss when the limits of your underlying policy are reached. So, if you are responsible for someone's injury that required \$150,000 of medical treatment and the liability limit in your underlying policy is \$100,000, your umbrella policy will pay the additional \$50,000. Also, there are some situations, such as libel and slander, that a standard policy does not cover. An umbrella liability policy enables people to protect themselves against catastrophic lawsuits in such situations.

Umbrella policies are sold with a variety of limits, commonly \$1 million or \$5 million. The underlying policies provide the first dollars in the liability claim and the umbrella is available to any remaining amounts until the amount paid by all policies reaches the umbrella unit.

Umbrella liability policy coverage usually protects policyholders wherever they travel. Many such policies will cover legal defense costs even if the charges are proved baseless. Umbrella liability coverage has come to be in high demand among individuals who have substantial assets and who may be especially vulnerable to lawsuits and costly judgments.

Keep in mind that most personal umbrella policies that are added to a homeowner's or personal auto insurance policy will cover liability stemming from business activities and business property only if covered by the basic policies. Always check your policy to see how it defines business and business property, or ask your agent.

Risk Management/Loss Control Measures

You may be able to reduce your premium through risk management. Risk management involves identifying and analyzing ways in which you may be found liable (your "exposure to liability") and selecting and implementing techniques to be used to handle the exposure. You can take steps to reduce the possibility of unforeseen losses and the impact of those that do occur, whether from fires, storms, thefts, lawsuits or injuries.

You can:

- Conduct safety inspections and programs for training employees in first-aid methods.
- Install a sprinkler system and an alarm that automatically notifies firefighters of a fire. This may make losses less likely or injuries less severe.
- Make sure the wiring in your building is in good shape.
- Train workers to lift heavy items properly and to wear safety masks and gloves when working with hazardous substances.
- Keep only a small amount of cash in the cash register and deposit the rest in a floor safe that cannot be opened by employees.
- Store inventory in two locations so if there is a loss, all the inventory will not be destroyed.
- If you lease out part of your premises, you might require your tenant to protect you from liability claims of people they allow in the building.
- Make sure that all your drivers have good driving records. The cause of most accidents is the driver. You should always check the driving

records of any employees who will drive on company business and never allow a person with a poor driving history to drive.

This list is far from complete. You should ask your agent or insurance company if they have brochures or publications on loss control topics.

Glossary of Insurance Terms

Actual cash value: The value of the property when it is damaged or destroyed. This is usually figured by taking the replacement cost and subtracting depreciation.

Adjuster: An insurance company representative who seeks to determine the extent of the firm's liability for loss when a claim is submitted.

Agent: A person licensed by a state insurance department who solicits, negotiates, or effects insurance contracts on behalf of one or more insurers.

All risks: The term "all risk" means there is coverage for all perils except those excluded. A particular exposure would be insured against economic loss by any peril that is not specifically excluded under the terms of the contract.

Auto insurance: A type of insurance that protects the policyholder against losses involving automobiles. Different coverages can be purchased depending on the needs and wants of the insured.

Binder: An agreement to provide immediate insurance coverage. May be oral or written and sets forth conditions of coverage. Often used during the interval between the coverage becoming effective and the time a formal policy is prepared and delivered. Normally it is issued for a limited period of time.

Broker: A marketing specialist who represents buyers of property and liability insurance and who deals with either agents or companies in arranging for the coverage requested by the customer.

Captive agent: An agent who sells insurance for only one company, as opposed to an independent agent who represents several companies

Claim: A request for reimbursement for a loss covered by the policy. For example, a claim for items stolen from the policyholder's business.

COBRA benefits: COBRA stands for "Consolidated Omnibus Budget Reconciliation Act of 1985," which requires companies with 20 or more employees to offer separating employees the option to continue their group health-care coverage at their own expense.

Coinsurance: A provision that requires the insured to share in the cost of covered services on a percentage basis. A typical coinsurance arrangement is 80% by the insurer and 20% by the insured.

Collision: An optional auto insurance coverage that pays for damage to the policyholder's car caused by its collision with another vehicle or object.