



In partnership with U.S. Small Business Administration



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Veterans Business Outreach Center

**Serving: Arizona, California, Guam,
Hawaii and Nevada**

What is the VBOC?

The Veterans Business Outreach Center is a 501 ©3 non profit organization partially funded by the Office of Veterans Business Development, U.S. Small Business Administration.



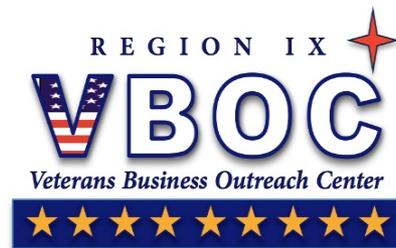
Mission

VBOC mission is to advance the growth and commercial competitiveness of veteran owned small business enterprises through education and services focusing on business development, technology deployment and e-commerce.



Primary Services

- Confidential one to one Small Business Consulting Services
- Educational Workshops and Trainings
- Small Business Conferences



How to Register for Services

Step 1:

Register on line at

www.vbocix.org



VBOC in Partnership with Trusted American Insurance Agency (TAIA) Presents:

Business Planning and Insurance Requirements

Presented by: Rosamaria Marrujo



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Objectives

- Classify the types of insurance required by a business.
- Recognize other types of insurance a business should consider.
- Value of insurance for businesses.
- How to establish a business plan that protects your business as it grows.

Purpose of Insurance

- If you are a business owner or looking to start a business; purchasing insurance is imperative for protecting your investment and the long-term success of your business.



State and Federal Requirements

- Contact your state, county, and city regarding insurance requirements. States may provide guidelines on insurance company program requirements for small businesses (usually defined as those with 2 to 50 employees).
- State guidelines may also describe requirements for a small business itself—to provide employees with the opportunity to participate in health insurance programs, for example. It is advisable to review laws at both the federal and state level.
- You may also want to contact federal agencies and state divisions that apply specifically to your occupation for any requirements that may pertain to you. Many states also require autos to be insured for liability at a minimum level, whether the autos are used for business or personal use. In a business situation, you may be required to provide additional coverage and insurance for employees who use your personal or company vehicle.

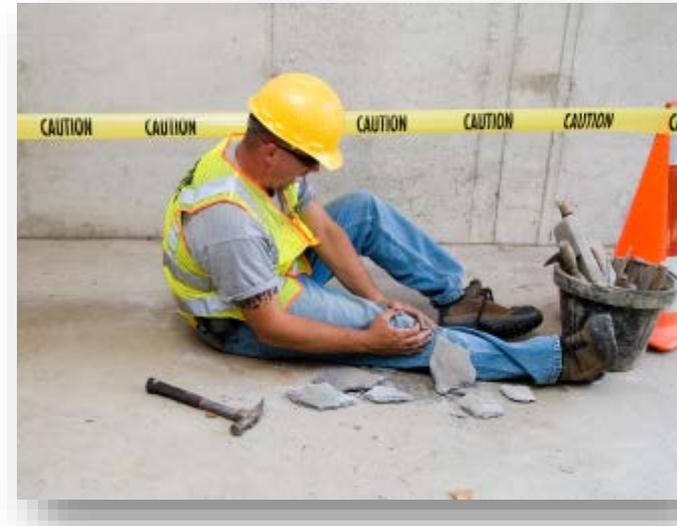
Insurance Requirements for Employers

- Businesses with employees are required by law to pay for certain types of insurance:
 - ✓ Workers' compensation insurance
 - ✓ Unemployment insurance
 - ✓ Disability insurance
(depending on where the business is located)



California Insurance Components for Businesses

- Workers Compensation
- Errors and Omissions
- Surety Bonds
- Commercial General Liability
- Commercial Vehicle Coverage
- Medical Health Insurance



What is Business Insurance?

- Business insurance includes a broad range of policy options designed to protect a business from financial loss. Every operation has its own unique set of risks, which means the insurance policy must be tailored to the business.

Insurance Needs Analysis

- Many factors, from the size of your company, to the number of workers you employ, to the materials they handle will determine the coverage you need to ease risk and safeguard your company's finances.
- The costs of business insurance can be reduced with effective risk management practices, and by comparing costs from insurance carriers.

How Business Insurance Works

- Business insurance is a contract between the insurance company and the business. The insurance company agrees to share the business risk with the business entity in exchange for premium payments.

How Business Insurance Works

- In the event of a covered loss, the insurance company pays for the financial losses the business incurs up to the limit of the policy after the deductible amount is paid by the business filing a claim.

How Business Insurance Works

- At the time of a loss, the business will typically file a claim. If a fire destroys a portion of the business premises, for example, the company will file a claim against the property insurance policy. An adjuster will assess the damage and process the claim. The company will then receive the appropriate amount of compensation for the loss.
- In the event that the incident is a loss suffered by a customer of the company, the injured party will likely file a claim against the businesses' liability policy. How the claim is processed depends upon the size of the claim, whether the matter can be settled with an insurance payment, and if the claim results in a lawsuit.

Types of Insurance Coverage



Workers Compensation

- Covers your employees if they become ill or injured while working on the job.



Worker's Compensation Insurance

- Most states have laws regarding worker's compensation insurance. This insurance protects employees against lost income resulting from work related illnesses or injuries. These insurance laws address amounts to be paid in, rehabilitation, retraining, beneficiaries, and medical payout limits.
- Businesses can purchase insurance through a commercial carrier or through the state Workers' Compensation Insurance program, if available.
- Check on your state government's website to learn the requirements in your state and what options may be available.

Unemployment Insurance

- Unemployment insurance provides benefits to employees who become unemployed through no fault of their own. They must be willing and able to work and they must be actively searching for employment.
- Federal laws regulate unemployment insurance, but state agencies administer the programs.
- Employers pay tax payments to both federal and state funds. The federal tax amount is a percentage of the income earned by the employee, up to a specified amount for the calendar year. Each state provides calculations for payroll taxes.
- Businesses with employees are required to pay these unemployment insurance taxes under certain conditions. If your business is required to pay these taxes, you must register your business with your state's workforce agency. Information on unemployment insurance can be obtained directly from your state and the U.S. Department of Labor.
- It is important to not be late or delayed in making payments for this. Penalties and interest can be high and repeated failure to pay may result in a filing of a lien. In some states, continued nonpayment may be considered a misdemeanor or felony.

Disability Insurance

- Some states require employers to provide partial wage replacement insurance coverage to their eligible employees for non-work related sickness or injury.
- Currently, if your employees are located in California, Hawaii, New Jersey, New York, Puerto Rico, or Rhode Island, you are likely required to purchase disability insurance.

General Liability Insurance

- General liability insurance provides insurance protection for a company's assets, financial obligations, legal defense, and any settlements or judgments awarded to an injured party.

Professional Liability Insurance

- Covers professionals against loss due to negligent professional duty, wrongful acts, and advice and services that lead to another person's loss or injury.

Product Liability Insurance

- Covers against faulty products and damage, illness, injury or death that may occur from using a faulty product.

Property Insurance

- Covers loss and damage to your commercial business property due to fires, storms and other causes.



Commercial Vehicle Insurance

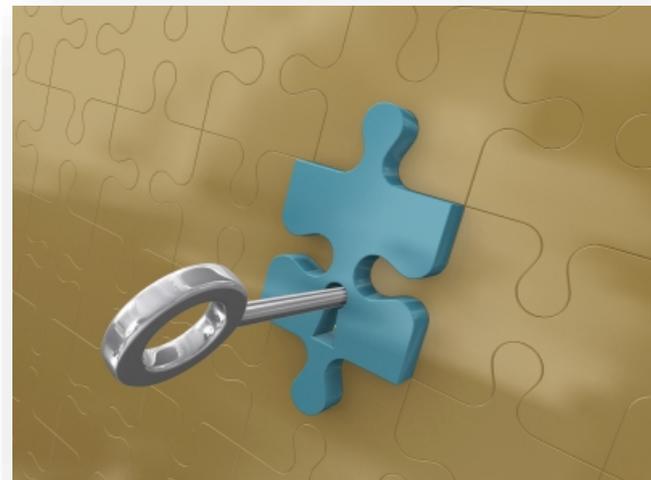
- Covers commercial vehicles and drivers for collision, liability, property damage, personal injury and “comprehensive” (now known as “other than collision”).

Loss of Income

- Covers your business expenses such as rent and employee wages if you can't operate your business.

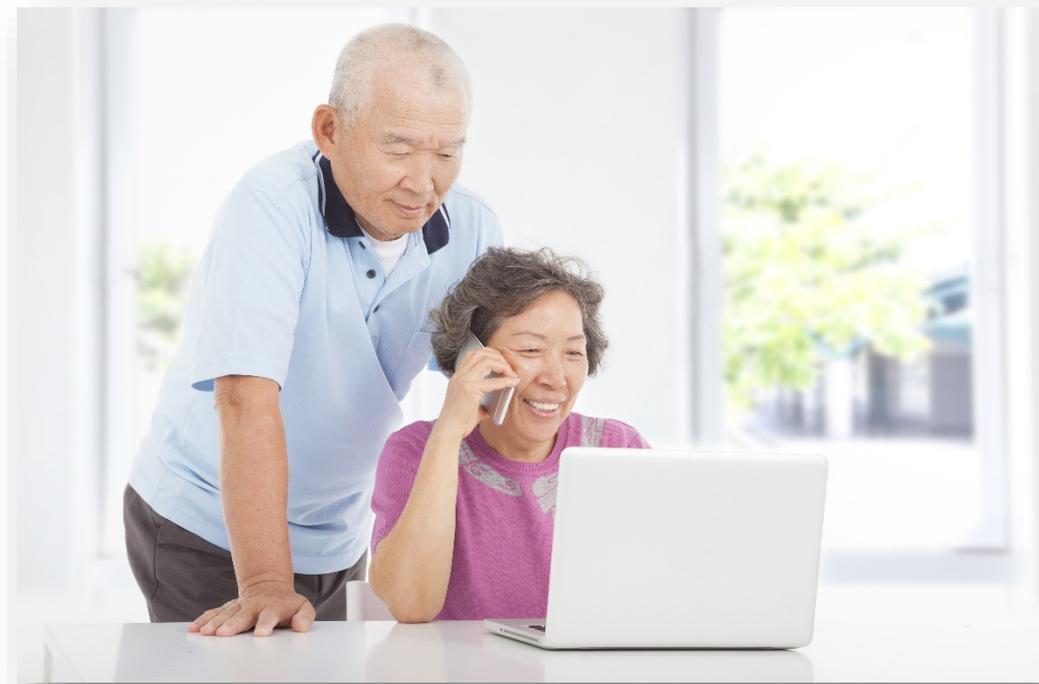
Key Person Insurance

- Covers loss of income that may result from the head of the business or other key personnel becoming incapacitated or passing away (also known as key man insurance).



Cyber-Crime Insurance

- Provides protection for risks due to Internet use and online communications.



Records Retention Policies

- Covers loss of important data and financial records.



Specialty Coverage

- Insurance that covers various specific business risks, such as those of landlords, farmers, and commercial operations that put on events, such as seminars or concerts.



Liabilities Insurance

- Business owners providing services should consider having professional liability insurance (also known as errors and omissions insurance). This type of liability coverage will generally protect your business if sued for malpractice, errors, and negligence when providing services to your customers.
- Depending on your profession, you may be required by your state government to carry such a policy. The issuance of certain licenses, business certificates, and registrations require you to carry work-specific insurance. Check with your state government for these requirements. Check with your insurance agent to help decide if you should purchase a general liability policy to fully protect the business in the event of a claim.
- In addition, while your state may not make it mandatory to provide liability coverage for directors or officers of a corporation, lawsuits could be filed in response to what a director or officer of the company did or did not do. This protection can be obtained through a D&O policy.

Business Owners Policy (BOP)

- If your business is classified as low-risk, you may be eligible for bundled Property Insurance and General Liability Insurance coverage in a specialized, affordable policy known as a BOP.
- In some cases, a BOP also offers business interruption coverage, which provides you with income and helps cover the expenses you incur as a business owner should your company suffer a covered property loss and is forced to close down temporarily.
- A licensed agents can verify your eligibility and find a suitable BOP by providing multiple options from insurance carriers, that can help you choose the policy that makes the most sense for your business.

Protect your business from the cost and distraction of property and bodily injury lawsuits and to insure your business assets against damage and loss.

Some – Bonds are Mandated by Law

- **Notary Public Bond** If you affirm signatures, administer oaths or notarize documents in California, you must be bonded. **Bond Amount:** \$15,000
- **Residential Care Facility Bond** If you handle funds for clients in a residential care facility in California, you must be bonded. **Bond Amount:** Varies
- **Tax Preparer Bond** If you help clients with tax returns or provide any other tax related services in California, you must be bonded. **Bond Amount:** \$5,000
- **Contractor Bonds** If you're a construction professional in California, you must be bonded. **Bond Amount:** Varies
- **Car Wash Bond** If you operate a commercial car wash in California, you must post a surety bond. **Bond Amount:** \$150,000
- **Contract Bond** If a project owner or developer requires a bond to ensure a contract's completion, you must file a bond before being awarded the contract. **Bond:** Varies
- **Driving School Bond** If you own a driving school or operate an ATV safety training organization in California, you must be bonded. **Bond Amount:** \$10,000

Some – Bonds are Mandated by Law

- **Credit Services Organization Bond** If you provide credit services to consumers in California, you must post a surety bond. **Bond Amount:** \$100,000
- **Escrow Licensee Bond** If you're an escrow agent, internet escrow agent or joint control agent that conducts business in California, you must be bonded. **Bond Amount:** Varies
- **Finance Lender or Broker Bond** If you help clients obtain consumer or commercial loans in California, you must be bonded. **Bond Amount:** \$25,000
- **Immigration Consultant Bond** If you prepare immigration paperwork for the public in California, you must be bonded. **Bond Amount:** \$100,000
- **Insurance Adjuster Bond** If you advocate for policyholders with insurance claims in California, you must be bonded. **Bond Amount:** Varies
- **Auto Dealer Bond** If you buy, sell or exchange cars, trucks, motorcycles or snowmobiles for a profit in California, you must be bonded. **Bond Amount:** Varies

Some – Bonds are Mandated by Law

- **Legal Document Assistant Bond** If you help prepare legal documents on behalf of clients in California, you must be bonded. **Bond Amount:** \$25,000
- **Driving School Bond** If you own a driving school or operate an ATV safety training organization in California, you must be bonded. **Bond Amount:** \$10,000
- **Waste Tire Hauler Bond** If you haul more than 10 waste or used tires at one time for a profit in California, you must be bonded. **Bond Amount:** \$10,000
- **Talent Agency Bond** If you operate an agency that attempts to find employment for talent in California, you must be bonded. **Bond Amount:** \$50,000

Know your business industry requirements – DO not let your coverage lapse.

Health Insurance

- Under 65
- Over 65
- Medicare Eligible
- Retirement Medical Plans

Value of Insurance

- Business insurance provides a protection for your company (large or small). When you think about growing, keep in mind that new types of insurance will be required, but they will all increase your safety net. Knowledge of your safety net will allow you to make more sound, responsible decisions for growing your company.

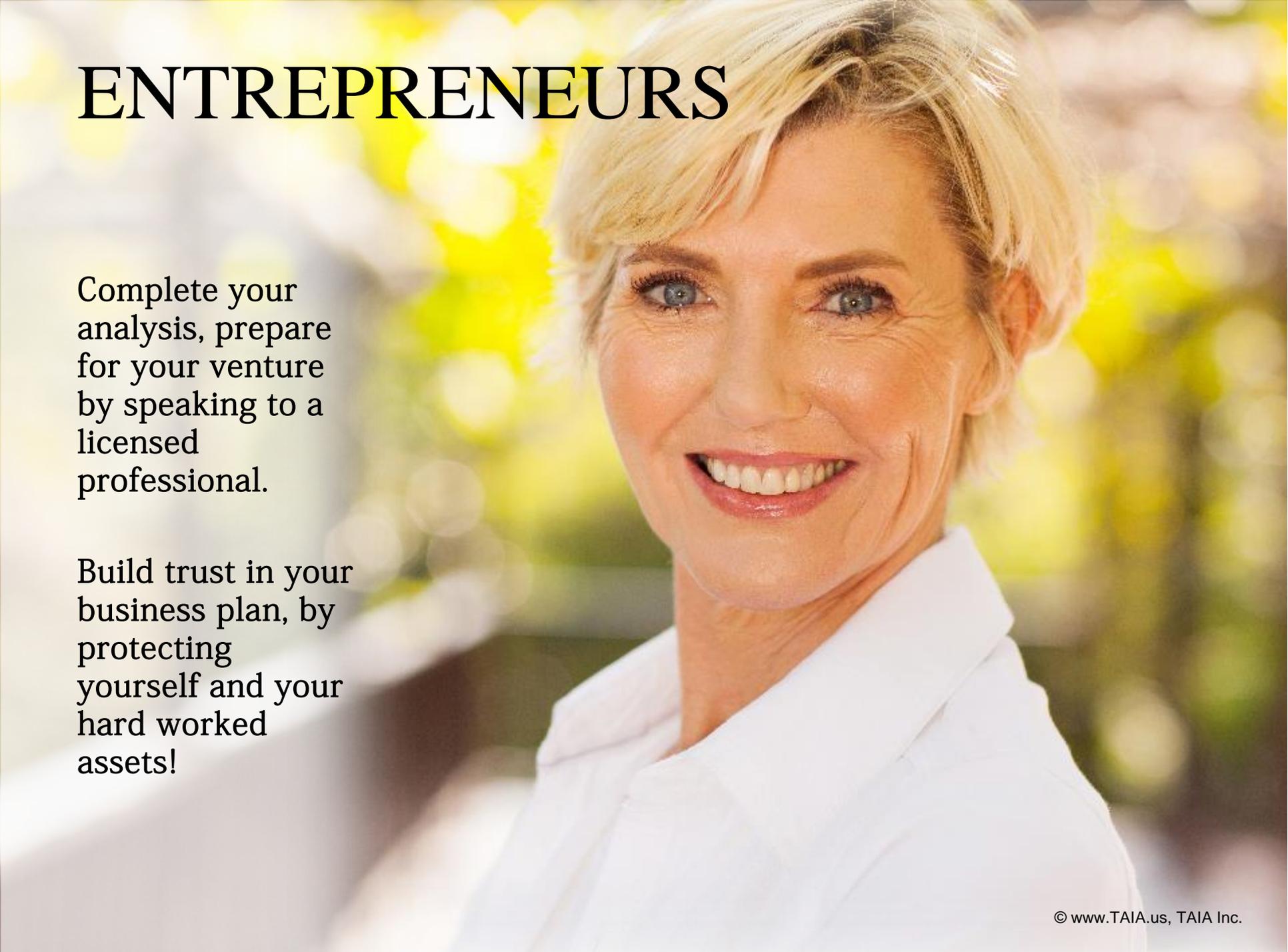
Under or Over Insuring

- Avoid under insurance, it may lead to considerable loss to your business. Under-insurance cannot cover all the expenses that you have to bear in the event of claim. At times you might be tempted to buy business insurance that seems less expensive. But, in reality the insurance coverage that is less expensive may not cover the type of risk that your business may face.
- Over insurance will also not help you. It leads to more expenses. Purchase insurance coverage that is adequate for you and your business.

Business Planning = Smart Budgeting

- ✓ Outline and understand your risks
- ✓ Overestimate your expenses
- ✓ Pay attention to your sales cycle
- ✓ Plan for large purchases thoughtfully and early
- ✓ Remember that time is money
- ✓ Frequently revisit your budget

ENTREPRENEURS



Complete your analysis, prepare for your venture by speaking to a licensed professional.

Build trust in your business plan, by protecting yourself and your hard worked assets!

Questions & Answers

For additional information, please contact:
Veterans Business Outreach Center

Office: 916-527-8400

Email: admin@vbocix.org



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