



WHAT INSURANCE DO YOUNG COMPANIES NEED?

Even early stage companies need to be sure that they have adequate insurance coverage. This is true both for the protection that the insurance provides, but also because having adequate insurance coverage is often a significant factor when potential customers consider doing business with an early stage company. Of course, you must also maintain any coverages required under any loan or similar documentation. The following suggestions are intended for situations where discretion can be exercised.

All companies need basic property and liability coverage pertaining to casualty losses for both personal and real property, including autos and trucks, and injuries to others coming on their premises or involved in vehicle accidents. Companies with employees must carry workers' compensation insurance. Those operating from home need to ensure that they have a proper commercial endorsement to their regular policy.

It is also recommended that companies carry business interruption and data loss coverage to assist them in restoring operations in the event of a casualty event. Companies that obtain consumer data should look at cyber-liability coverage to cover credit monitoring or consumer notices which are required in the event of a hack. Those providing services should consider error and omission policies, which apply to legal fees and settlements/judgments which arise from unhappy clients. There are certain different 'flavors' of this coverage for specific industries.

Those involved in manufacturing or transportation should consider environmental liability coverage to address legal fees, clean-up costs and settlements/judgments arising from discharges of material into air or water. As companies grow and expand operations and hire more employees, they should consider whether they need coverages such as officer/director liability, intellectual property infringement and employment practice liability.

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