

How to Save on Your Business Insurance During a Crisis

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The continued spread of COVID-19 has challenged businesses and individuals everywhere by radically reshaping our economy overnight. Amidst all of this sudden change and unexpected chaos, many companies are finding it effectively impossible to keep the lights on and are searching for new, innovative ways to cut down on the costs of doing business. Increasingly, saving money on business insurance is being viewed as the cost-cutting method to rely upon during a crisis. By carefully shopping around, investing in package policies and investing ahead of time, you can save on business insurance during times of crisis.

Do your homework before you buy

The most important thing that any business owner should understand when it comes to saving on business insurance during a crisis is that the purchasing decision can't be rushed. By doing your homework and carefully shopping around before you ultimately invest in business insurance, you'll be eliminating those negative plans that will cost you an arm and a leg in the future while securing cost-effective coverage for your budding enterprise. Many entrepreneurs are so preoccupied with the daily running of their businesses that they have little to no time to devote to studying business insurance, however.

In that case, it can be worthwhile to invest in some outside expertise, which will cost you money initially but may end up saving you a huge sum of cash in the long-term by steering you away from disastrous coverage options. If investing in an insurance expert to help your decision-making isn't in the books, there are also a number of free and digitally accessible resources that you can rely upon instead. Head over to the Small Business Administration's formal webpage on business insurance, for instance, and you can discover a number of helpful tips you may presently be bereft of.

Some businesses may only need to invest in general liability insurance, for example, whereas others in certain industries will find it essential to have product liability insurance if they sell potentially defective products to customers who may want to sue. The biggest problem with waiting until a time of crisis to invest in insurance is that insurers themselves are going to hit you with steeper than usual rates, since they can't sustain themselves by offering normal insurance packages in abnormal times.

Nevertheless, some neat tricks can help you recover money that you would otherwise lose on your insurance program.

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Have you been overpaying?

If you already have business insurance, you've almost certainly been paying an insurance premium thus far. The insurance premium you've been paying is the money you owe to your insurance provider in exchange for the insurance coverage they offer you in times of emergency; the exact amount of money paid in an insurance premium will differ on a case-by-case basis and depend upon what coverage plan you selected. If you've paid your entire premium and are now near the end of your insurance coverage period, you could potentially be owed

some money by your insurance provider.

Besides overpaying and then seeking redress from your provider, there are other ways to mitigate your insurance costs in a time of crisis. If your insurance costs are determined in part by the overall amount of square footage your business operates upon, and this crisis has led you to shut down or reduce your physical operating space, you can potentially reduce the square footage you have insured, thereby lowering your rates. Knowing how to reduce commercial occupancy costs is particularly important for companies that have been beset by COVID-19 and forced to shutter their operations entirely.

Certain types of insurance plans are far more desirable for business owners than others. Business Owner Policies, or BOPs, will usually be the best choice for entrepreneurs who are worried about preparing themselves for future financial calamities.

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Why a BOP is worth it

For entrepreneurs, a business owner policy is effectively an insurance package that provides you with greater-than-usual coverage to ensure that your commercial operation can survive a tough economic crisis. These plans effectively combine your business property insurance with your business liability insurance, and in doing so offer you a greater amount of financial protection in the event you find yourself embroiled by a future lawsuit. Shop around extensively before investing in any given BOP because, as with all insurance plans, they differ on the basis of who's providing them. Nevertheless, understand that most entrepreneurs find a BOP to be worth it when it comes to preparing for future crises.

As costly as it can be, some businesses should also consider ponying up the payments for their insurance plans as quickly as possible. Paying up front for your insurance isn't always desirable because it may cost your business money you can't afford to part ways with right now, but in doing so you'll almost certainly be achieving a long-term discount. Virtually all insurance providers offer discounted rates or some form of discount to those insurance customers who pay up front, so rely on this long-term saving method if you can afford a short-term spending spree. Given that insurance is inherently a long-term investment for most, this is what savvy entrepreneurs who want to save the most money should focus on.

Finally, it's worth reviewing what not to do in a time of crisis, as certain money-saving measures can come back to haunt your business and doom you financially.

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This isn't the time to cut benefits

For many companies beset by COVID-19, this may seem like an appealing time to cut benefits. What these entrepreneurs fail to realize is that cutting benefits in the midst of a public health crisis is terrible for your business, particularly as social media campaigns are actively targeting those companies that don't provide for the workers, customers and communities they often exist to serve. Some business owners may think cutting employee plans is a smart money-saving measure, but the blowback could come back to tarnish your reputation beyond repair. During a crisis, that's not something you can afford.

Remember that all crises end, by definition, but that the sterling reputation of your company can be wasted in a heartbeat if you make a callous and short-sighted decision.

Some businesses are certainly going to have to make costly cuts or else risk closing down entirely, but short-term emergencies aren't the time to do away with your long-term plans and potential. Take some time to review some COVID-specific insurance information if this ongoing crisis is particularly damaging to you, and you'll be better informed for the future.

Focus on bundling your insurance coverage, finding the right provider for the job and making payments as quickly as possible if you're seriously interested in cutting costs during this crisis.<https://www.entrepreneur.com/article/349913>