

# 5 most common business insurance claims examples.



We often think of commercial insurance claims as coming from disastrous, unusual events, however small business insurance claims are a common part of doing business. But which claims are the most common? And what insurance coverages can help protect your small business?

## The five most common business insurance claims are:

**1. Burglary and theft.** Burglary and theft claims include internal theft by employees as well as break-ins. In fact, 42% of inventory loss in U.S. stores is caused by employee theft.

**What you can do:** You can take these steps to prevent employee theft. To prevent break-ins, invest in a quality security system and consider installing fencing around your building. Also, make sure your business is well lit to discourage would-be thieves.

**What coverage you need:** To start, pick up commercial property coverage. Then, add a crime endorsement and employee dishonesty/theft endorsement to your policy to ensure you have all the protection you need.

**2. Water-related damage.** Damage from water to businesses can come from snow, flooding, freezing temperatures and burst pipes.

**What you can do:** Prevent ice dams and roof damage by keeping your building's roof clear of snow and ice. Make sure someone on staff knows how to shut off the water in the event of a plumbing incident and keep the temperature in the building no lower than 55 degrees Fahrenheit during cold weather.

**What coverage you need:** Commercial property insurance will usually cover water damage

from snow, freezing temperatures and burst pipes, but not from floods. Business income insurance can reimburse you for the loss of revenue incurred if your business must close while water damage is being remedied. To learn more about flood insurance, including who needs it, what's covered and how to buy it, the Federal Emergency Management Agency can help.

**3. Wind and hail damage.** When strong winds and hail damage commercial property, it can be detrimental for not just the business but the property owner as well.

**What you can do:** Keep trees near your property well maintained; trim away overhanging branches and remove dead or dying trees promptly. Anchor outdoor equipment that could be blown into your building by strong winds, and protect windows if a heavy storm is predicted.

**What coverage you need:** As with water damage claims, commercial property insurance will cover losses due to wind and hail damage, and business income insurance can reimburse you for lost business while repairs are made.

**4. Fire damage.** According to the Insurance Information Institute, a structure fire occurs every 64 seconds. In 2018, structure fires not related to wildfire caused \$11.1 billion in property damage.

**What you can do:** Establish a fire safety checklist for your business. Inspect and maintain fire extinguishers in your place of business and train all employees on their use. Install a fire sprinkler or fire suppression system (some areas require these in commercial buildings), and regularly clean and inspect any electrical equipment that could cause a fire. Make an emergency exit plan and practice it with your employees.

**What coverage you need:** Commercial property insurance will cover repairs for fire damage, and business income insurance can make up for lost revenue after the fire.

**5. Customer slips and falls.** Slips and falls are a common cause of injuries sustained by customers of small businesses.

**What you can do:** Prevent falls at your business by cleaning up spills promptly to avoid slippery floors. Fix or remove tripping hazards such as loose area rugs, floor mats or uneven flooring. Also, keep your space clear of other clutter that could trip customers such as items stored on the floor, loose electrical cords, etc. If fraudulent claims on your property are a concern, consider installing cameras to reduce/prevent claims.

**What coverage you need:** General liability coverage will cover most losses stemming from a customer slip-and-fall accident.

Frankenmuth Insurance offers coverages for businesses of all sizes across all industries. And while these examples are a good place to start, an independent agent is your best resource to help you decide whether you'd be best protected with a business owners policy, a commercial package policy or another option. Our local, independent agents will look at your business's unique needs and customize a policy just for you. And when you file a claim with Frankenmuth Insurance, rest assured that each claim is investigated and evaluated based on the specific coverage, facts and circumstances.

Want to give your business a head start in preventing losses? Start identifying risks today with our free Disaster Preparedness Guide.