

UNDER-COVERED?  
OVER-COVERED?  
OR JUST RIGHT?

# ASK YOURSELF

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Understanding how insurance policies work in tandem with one another helps ensure you don't overpay for coverage or end up on the wrong side of insurance when a triggering event occurs.

When determining which coverage gaps and overlaps may impact your business, consider asking yourself these questions.

**1. Do you have coverage if employees sue your business?**  
Consider looking into Employment Practices Liability Insurance (EPLI) and Directors and Officers (D&O) coverage.

**2. Are you covered if customers sue you for professional negligence?**  
Professional Liability or Errors and Omissions (E&O) insurance can help protect you against these types of claims.

**3. If an event forces you to temporarily close your business, are your operating expenses insured?**  
Ask your broker how Business Interruption insurance and Supply Chain insurance might offer financial protection for your company.

**4. What happens if your mechanical systems break down?**  
Equipment Breakdown insurance might be able to help you get back on track.

**5. Is your business covered if it is damaged by a flood?**  
Most commercial property insurance excludes floods, so you might need to purchase separate flood coverage.

**6. Do you have cyber insurance?**  
Cyber insurance can help provide financial protection from wide-ranging cyber events and is especially crucial as more businesses rely on technology to operate.

**7. What happens if your employees are injured abroad?**  
Consider purchasing Business Travel Accident insurance (a commercial insurance policy) but be sure that your Employee Benefits and Commercial Insurance broker are aligned so you aren't paying for overlapping policies. The benefits you offer your employees may include an International Medical Policy.

**8. Do you know the difference between actual cash value and replacement cost value as it relates to your policy?**  
Your property insurance policy might cover the actual replacement value of the building itself, but the contents of the building may only be covered at a depreciated value. This could have negative financial implications when you're rebuilding after an event.

**9. How do exclusionary clauses impact your coverage?**  
For riskier events that result in heftier losses, carriers may include exclusionary language that would leave you financially liable for those specific scenarios.

**10. Do your policies have restrictive sublimits?**

Carriers might also put a cap for certain losses that differ from other events covered by your policy.

**11. How do high deductibles impact your ability to use your policy?**

If you choose a higher deductible for your policy, you need to think about whether you have the financial liquidity to meet your deductible for your insurance to kick in when you do need to use it.

**12. Are you paying for unnecessary or overlapping coverage?**

An experienced broker will take the time to learn the ins and outs of your business, quantify your risk, and find coverage that aligns with your business needs so you don't end up paying extra money for insurance you might not need or that might already be covered by another policy.

The best way to manage your insurance portfolio and avoid the pitfalls of coverage gaps and overlaps is to work with an experienced team capable of navigating the nuances and complexities of insurance, and, if possible, use the same broker for your employee benefits, retirement, and commercial policies.

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