Achievable

PROPERTY INSURANCE DUMP SHEET

Business owners policy (BOP)

What a BOP is, and who may have one

- The commercial answer to a homeowners policy: property and liability for a small or medium business, in one simplified package with its own declarations and common conditions
- Eligibility turns on size and kind:
  - **Office buildings:** no more than 6 stories and 100,000 square feet
  - **Apartments and wholesale services:** no more than 25,000 square feet and under $3 million in gross annual sales
- **Eligible:** small repair shops, drugstores, bake shops, beauty salons, small convenience stores, pizza shops. **Ineligible:** most contractors, large manufacturers, hospitals, auto dealerships, banks and credit unions

Section I — property

- **Coverage A — Buildings:** the structure described, completed additions, and permanently installed fixtures, machinery and equipment
- **Coverage B — Business personal property:** furniture, fixtures, machinery, equipment and stock, in or on the covered building or **within 100 feet** of the premises
- Two forms: the **Standard** covers named perils — fire, lightning, extended coverage, V&MM, sprinkler leakage, sinkhole collapse and transportation. The **Special** is open peril, and may be endorsed back to named perils
- Optional coverages on the Standard form: burglary and robbery, employee dishonesty, outdoor signs, glass, and mechanical breakdown. The Special form adds **money and securities**
- Everything but money and securities is settled at **replacement cost**, with **no coinsurance** — the feature that defines the form
- Deductibles start at **$500** and rise to **$2,500** to cut the premium

Section II, limits and what is left out

- Section II is commercial liability in the same scope as a CGL: liability arising from the premises and the business, products liability, fire legal liability, medical payments and supplementary payments
- The basic liability limit is **$300,000**, and may be raised to **$500,000** or **$1,000,000**
- Not covered: land, aircraft and their parts, watercraft afloat, money and securities except by option, outdoor fences, antennas and signs unless endorsed, and trees, shrubs and plants
- **Vacancy beyond 60 consecutive days** suspends vandalism, theft, sprinkler leakage, water damage and glass breakage. Fire and lightning stay in force

  The same applies unless at least 31% of the building's square footage is rented or used for customary operations.
- **Newly acquired or constructed property** is covered automatically under Coverage A to **$250,000** at each location

BOP endorsements

- **Spoilage:** perishable stock owned or in the insured's care, for breakdown, contamination and power outage
- **Hired and non-owned auto:** liability for autos the business leases, and for a vehicle owned by someone else and driven on its business
- **Valuable papers and records**, except money and securities
- **Liquor liability**, for the specific functions listed — for a business fundraising or holding social events, not one in the liquor trade
- **Pollution cleanup and removal:** up to **$10,000** to extract pollutants from land or water at the premises after a covered loss
- **Civil authority:** lost income when the authorities close access because other property was damaged by an insured peril. It begins **72 hours** after the order and runs up to three weeks