



NW Insurance Council

Consumer Alert

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National Small Business Week

Protecting your business: Why the right insurance coverage matters

What to Know

- *After a natural disaster, 40 percent of small businesses won't reopen and 25 percent will close one year later, according to the [Federal Emergency Management Agency \(FEMA\)](#).*
- *The right insurance can help your business survive and rebuild if disasters like fire, windstorms or liability claims strike.*
- *Businesses that plan for losses in advance tend to recover, and more quickly. This includes buying adequate insurance coverage and developing and maintaining a disaster preparedness and recovery plan.*

SEATTLE, WA, May 5, 2026 – During [National Small Business Week](#) (May 3-9), business leaders are celebrating the entrepreneurs who power our economy. But alongside that celebration comes an important reminder: small businesses face real risks, and without proper preparation, those risks can be devastating.

According to the Federal Emergency Management Agency ([FEMA](#)), 40 percent of small businesses never reopen after a natural disaster, and an additional 25 percent close within one year. From severe weather and fire to liability claims and unexpected disruptions, even a single event can threaten a business's survival.

One of the most important steps business owners can take is making sure they have the right insurance coverage in place before something goes wrong.

“Planning for the unexpected is a key component of every business's survival strategy,” said NW Insurance Council President Kenton Brine. “Talking with your insurance company or professional insurance agent can help you better understand your business's unique risks – the kind that can be prevented as well as the kind that require the benefits of a well-crafted business owner's policy.”

Businesses that plan ahead – including securing adequate insurance and developing a disaster preparedness strategy – are significantly more likely to recover and reopen after a loss.

A common starting point for many small and mid-sized businesses is a Business Owner's Policy (BOP), which bundles several essential protections into one package.

What a typical BOP includes:

- **Property Insurance:** Covers buildings and business contents. “Special Form” policies generally provide broader protection than “Standard” policies, often with slightly higher premiums.
- **Liability Protection:** Covers your business's legal responsibility for injuries or damage caused to others, including product-related claims.
- **Business Interruption Insurance:** Helps replace lost income and covers extra expenses if operations are temporarily disrupted due to a covered loss.

Optional Coverage:

- **Business Auto Coverage:** Not included in a standard BOP but can be added or purchased separately as a commercial auto policy.

What a BOP Does Not Cover

A standard BOP does not include:

- [Professional liability](#) (errors or omissions in services or advice)
- [Workers' compensation](#)
- Health or disability insurance

These require separate, stand-alone policies.

Businesses in higher-risk areas may also need additional coverage for events like [floods](#), [earthquakes](#), or landslides, which are not typically included in standard policies.

Other Coverage to Consider

Depending on your business, additional protection may include:

- **Umbrella Insurance:** Provides extra liability coverage above the limits of your existing policies.
- **Specialized Liability Coverage:** Includes policies such as cyber liability (data breaches), directors and officers (D&O), employment practices liability (EPLI), and professional liability (E&O).

Keep Coverage Up to Date

As your business grows, so do your risks. Regularly reviewing your coverage with an insurance professional helps keep your policy in line with your operations and reduces the chance of being underinsured after a loss.

Plan Ahead to Recover Faster

Businesses that prepare for potential disruptions tend to recover more quickly. The Insurance Institute for Business & Home Safety (IBHS) offers a free business continuity plan toolkit called [OFB-EZ](#) (Open for Business-EZ) to help business owners get started.

For more information about property and casualty Insurance, visit NW Insurance Council's [website](#), call 800-664-4942 or send an email to info@nwinsurance.org.

NW Insurance Council is a nonprofit, insurer-supported organization providing information to consumers, media and public policymakers in Washington, Oregon and Idaho.

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