

# How to insure your startup

*Are you an entrepreneur? Maddyness has created an original kit of different steps to follow in creating, growing, and even selling your own start-up. From hiring to protecting your brand and moving on to financing your innovation, you will find tips and good practices so that you can easily find your way in the entrepreneurship labyrinth. In this article: several recommendations to insure your startup and deal with company insurance.*

Temps de lecture : minute

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## Too long? Here's the key takeaways

- Choose wisely what you want to insure
- Work in steps by insuring the most important things: your business and its employees
- Establish a budget for your insurance
- Make a shortlist of the proposed offers and ask for an exact cost estimate

## Measure the benefits of insurance for your company

While starting your own business, you should keep several factors in mind, including insurance.

Most entrepreneurs do their best to keep their starting costs to a minimum, which is perfectly logical. If you have borrowed money, or if

you are already supported by investors, you should make sure that every penny is being used in the best way possible. You must justify each purchase and think strategically about your spending.

Regarding insurance, a lot of entrepreneurs make the dangerous decision of waiting to sign up for insurance until their company is stable and generating a regular profit. The problem with this approach is that insurance is more than a growing optional cost for your business, it is essential. Without it, a single event could devastate your startup, forcing you to use the capital that you have slowly gathered in order to salvage it.

## An insurance coverage plan should be defined in your business plan

Know your insurance priorities. You're there! You have finally decided to insure your startup. But before throwing yourself into endless cost estimates, know your priorities. From the beginning, certain types of insurance are vital, and there are others that can wait.

First, think about insuring your premises, including your stock, material and, above all, information. If you have transportation linked to your business, think about insuring that as well.

It is also important to insure yourself personally, in case your business is interrupted because of an accident or illness. You should also insure your employees, who can be covered by life insurance in addition to each person's public liability.

Finally, sign up for a public liability policy, which covers damages caused in the frame of the company's work.



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## Not all types of insurance are required at the beginning - choose the right one!

Define your secondary needs. Once the “essentials” are taken care of, the type of additional insurance coverage that you are going to need will vary in relation to different factors, such as your line of business, the countries that you work with, the number of employees, etc. In all cases, you should always be conscious of the inherent risks in your sector before creating a business.

There are, of course, other types of insurance that you can sign up for in relation to your business or your development. Starting, for example, with the professional/product liability that protects against the financial

consequences of damage caused to third parties by services or products, and which can be purchased from the moment you start marketing or producing “pilots” of your services/products, or from the first partnership contracts.

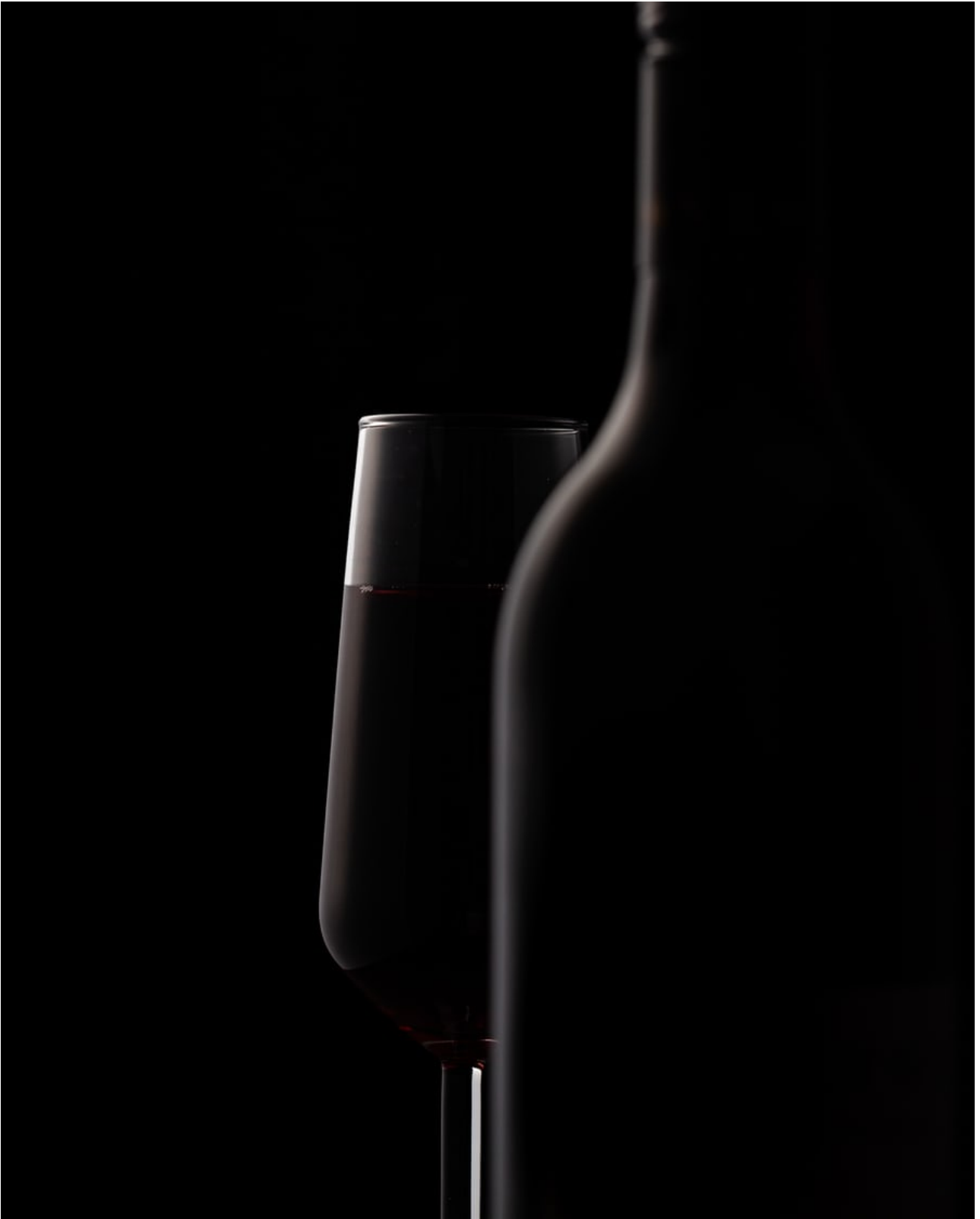
Cyber insurance allows you to protect your brand data and those of your clients or to repair certain damages in case of a cyber incident, whilst insurance fraud covers financial damage that comes from fraud committed by workers and fraud from third parties.

**For each need there is a type of insurance:  
list yours in order of importance to find the  
right coverage to insure your startup**

Establish a budget and ask for a cost estimate. There isn't a fixed price concerning proposed insurances. Don't hesitate to establish a maximum budget that you can allocate to your insurance before contacting different organisations and asking them for a cost estimate that meets your needs. Pay attention, the price mostly depends on your revenue, the size of your business, as well as its status (LLC, Ltd. company, individual business, micro-business). The line of business that you are part of also enters the list of determining criteria to establish a price. Think about gathering all this information before asking for a cost estimate.

Finally, once you have gathered all the offers from the different insurance companies, confirm the expanse of proposed coverage, the sectoral particularities, exclusions, or even the deductible amounts as well as the after-sales service.

\*The asterisks at the bottom of a contract are also important, sometimes even more so than the content mentioned in bold above it.



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Article by Maddyness

