

What Does Contents Insurance Cover?

Everything You Need To Know About This Critical Business Coverage



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Introduction

Your livelihood depends on the survival of your business, so it's imperative that you protect it against any potential threat—big or small. For instance, a fire could destroy your business's warehouse and the contents inside, or a frozen pipe could burst, damaging important documents and valuable papers. Worse, you could have trouble paying your employees during a loss because your funds are devoted to repairing damage.

Contents insurance, otherwise known as Property insurance, comes in many forms to suit your specific needs. Before purchasing coverage, it's important to take a complete inventory of all your business contents and property to determine how much you need to insure. This step is vital to ensuring you will have adequate coverage to continue your business in the event of a covered loss.

Contents You May Need to Insure

As you set out to complete your inventory, you will want to make note of contents that hold high monetary value or play a key role in business continuity. To give you an idea of what to look for, here are some examples of contents and property that are commonly insured:

- Buildings and other structures (leased or owned)
- Furniture, equipment, and supplies
- Inventory
- Money, checks, contracts, and other securities
- Records of accounts receivable
- Leasehold improvements and betterments you made to a rented premise
- Machinery/boilers
- Electronic data processing equipment (computers, POS systems, etc.)
- Valued documents, books, and papers
- Property in transit
- Signs, fences, and other outdoor property not directly attached to the building
- Intangible property (goodwill, trademarks, etc.)
- Business contingency for suppliers
- Ordinary payroll
- Extra expenses as a result of a loss

For these contents, we recommend you keep thorough documentation. Photograph contents when appropriate, and include any serial numbers, makes and models, and dates of purchase if available. It's also useful to keep official documentation such as receipts or appraisals.

Types of Contents Insurance Policies

Basic Contents insurance covers losses due to fire or lightning, including the cost of removing property as a way to protect it from further damage. Should you want to purchase more than basic coverage, you can buy a policy that provides coverage for extended perils, such as floods, windstorms, hail, earthquakes, acts of terrorism, explosions, riots, smoke, civil commotions, and vehicles that damage your property. Beyond that, coverage for vandalism and malicious mischief can also be included.

Are You Buying Enough?

One of the most important aspects of purchasing Contents insurance is making sure that you have purchased enough coverage to be adequately protected. A typical policy will provide the replacement cost value for your building and the actual cash value of your business contents. Replacement cost value is the amount that is necessary to replace or rebuild your building or repair damages with similar materials, without considering depreciation. Actual cash value, on the other hand, is the value of your property when it is damaged or destroyed. This amount is typically determined by subtracting the depreciation from the replacement cost value.

Most Contents insurance policies include a coinsurance clause, which requires you, the policyholder, to share the cost of covered services up to a moderate percentage of the actual cash value of the contents and property. This will allow you to receive full coverage for your losses. Should you decide to purchase inadequate coverage for your property, you may be obligated to pay a percentage of all losses, even if they are listed in the policy.

VGM Insurance understands that determining your business's value and ensuring it's protected is critical, so we're here to help. Contact your Account Manager or reach out to us today at info@vgminsurance.com or **800-362-3363**.

