

## Niche Or Not

---

There are risks associated with every business, whether the business involves one person, hundreds or thousands. These risks are often handled by commercial insurance. Different types of insurance cover many aspects of operating a business, such as accidents that may injure employees or customers, losses that may involve business furnishings, equipment or housing, or incidents that create loss because of work-related agreements. It is sometimes difficult for businessowners to make the right choices about insurance, especially when there are so many insurance products, including specialty or niche products.

Niche insurance policies exist, in most instances as a way to simplify insurance decisions for insurance companies and their customers. A custom policy is usually designed for a large operation that has enough special coverage needs and offers enough potential premium revenue to justify specialized service. A niche product is often a policy that offers a combination of coverage that meet the need of a defined market, such as small contractors, offices, restaurants, appliance repair, etc.

Niche insurance products are attractive because they may offer proper coverage at an affordable cost. However, care has to be taken when insurers sell and businesses decide to buy such policies. In essence, they are designed for the average bundle of exposures in a given market. Business owners and key decision-makers place a priority on areas other than insurance needs, so an operation may be attracted to buying a niche product assuming that it will take care of everything. That's dangerous because a particular business may have issues that won't be fully handled by that policy. The sensible act is to consider a niche product as a starting point and making use of a competent insurance professional. Together you must evaluate your operation and determine your coverage needs, what issues can be handled by insurance, what type of insurance would best handle the need and what amount of insurance can affordably be purchased. Another key is to discuss how an operation may be altered or run differently to reduce chances of loss that can't be handled by insurance. Remember, a niche product is a sensible choice only when it fits a customer's needs.

---

COPYRIGHT: Insurance Publishing Plus, Inc., 2005, 2010

All rights reserved. Production or distribution, whether in whole or in part, in any form of media or language; and no matter what country, state or territory, is expressly forbidden without written consent of Insurance Publishing Plus, Inc.