

# Module 3: Financial competencies

## Topic 5: Risk & insurance

### Exercise 3: Types of Insurance

#### **Background:**

When you start a social enterprise, finding out about the right insurance is an important step that should happen before you officially launch or open your business. Dealing with unforeseen risks such as property damage, theft or even a customer lawsuit can be costly, and you need to be sure that you are properly protected.

#### **What insurance is compulsory?**

You are obliged to contribute to the following forms of insurance for yourself and your employees:

- Health insurance
- Pension insurance

If your business has employees, you need staff compensation and unemployment insurance, too.

#### **Other types of insurance:**

You may also need other types of insurance depending on where you register your enterprise (rules vary from country to country), and the industry you are in.

Most small businesses are advised to purchase general liability insurance or a business owner's policy. General liability covers property damage, bodily injury and personal injury to yourself or a third party.

You are advised to secure your business against unexpected situations by taking out the following insurance policies.

- Property insurance
- Financial loss insurance
- Personal insurance

If your business provides a service, you may also want to consider professional liability insurance. It covers you if you do something wrong or neglect to do something you should have done while operating your business. Learn more about the types of insurance policies your business might need here.