

ENCOVA INSURANCE BUSINESS OWNERS PLUS FAQ FOR AGENTS

Business Owners Plus is Encova's new solution for small business owners, designed to replace the current BOP product while offering you more flexibility to build broader, more tailored coverage. Our new Business Owners Plus solution keeps the broad, easy-to-use protection from a traditional BOP, including business income actual loss sustained coverage, while allowing package coverages to be added directly to a Business Owners Plus policy without issuing a separate policy.

1. What are the key differences between the current BOP and Business Owners Plus?

Business Owners Plus is a more flexible, modern solution built to address limitations in the current BOP. The previous BOP had limited coverage customization, fewer expansion paths and required separate policies when you needed certain package coverages. Business Owners Plus allows you to add package coverages directly to a single policy and gives you more flexibility to tailor coverage to the policyholder's needs.

Key differences include:

- Business Owners Plus replaces the current BOP as the go-forward small business solution.
- It uses a CPP/package-type structure with Business Owners Plus enhancements to make it function more like a BOP.
- You can directly add package coverages, such as auto and inland marine, to Business Owners Plus without issuing an additional policy.
- It provides more flexibility for coverage selection and industry-specific enhancements.
- The risk can be moved or re-rated as a CPP without starting over.
- It uses the general liability classification system vs. the BOP classifications.
- Pricing is more accurate, as exposures are broken into more granular classifications.

2. Will the old BOP still be available?

Business Owners Plus is a solution that will replace the current BOP product for new business. While we expect to convert existing BOP policies to Business Owners Plus in the future, conversions aren't required at this time. A formal conversion plan for existing business will be developed later.

3. Does Business Owners Plus offer an expanded appetite from what currently fits a BOP?

Yes, but with an important distinction. The Business Owners Plus eligible class list is similar to the classes traditionally eligible for a BOP, but certain eligibility characteristics are broader than the traditional BOP approach.

Broader eligibility characteristics include:

- \$35,000 maximum policy premium
- Maximum total insured value per location: \$15 million
- Maximum building square footage: 50,000 per location
- Maximum building height: six stories

Business Owners Plus creates more flexibility and broader coverage capability within the eligible small business space. The eligible class list includes eligible incidental/secondary codes that are not available under the BOP classification system.

4. Are there built-in discounts for having a related auto and umbrella policy?

At this time, there is no additional discount for adding lines of business.

5. What additional coverages or enhancements are included in Business Owners Plus?

Business Owners Plus includes proprietary property and general liability enhancement options, plus industry-specific endorsements. [Our agent training session](#) identifies property enhancements, general liability enhancements, business income actual loss sustained coverage, optional upgraded business income options and industry-specific enhancements.

The property, general liability and industry-specific enhancement endorsements are proprietary Business Owners Plus forms and are restricted for use with the Business Owners Plus program only.

Examples of Business Owners Plus Property coverage enhancements shown in the coverage overview include:

- Accounts receivable
- Brands or labels
- Business personal property seasonal increase
- Debris removal
- Pollutant cleanup and removal
- Ordinance or law
- Employee theft
- Computer and funds transfer fraud
- Newly acquired or constructed property
- Outdoor property
- Water backup and sump overflow

Examples of industry-specific enhancements include restaurant, self-storage, wholesaler, auto service, car wash and contractor. Additional business income actual loss sustained enhancement options are also available.

6. Will Business Owners Plus be eligible for premium audit?

Yes, Business Owners Plus accounts will be eligible for premium audit. While the details of our audit strategy are still being finalized, we expect to audit a subset of the book (class and premium driven) every one to three years. At this point we don't anticipate auditing policies with auditable premium of less than \$1,000 and will leverage a three-year cadence on risks less prone to exposure volatility.

7. Are the underwriting questions different from BOP?

Yes. Business Owners Plus follows the standard commercial property and commercial package underwriting questions rather than the traditional BOP underwriting questions. These questions appear after the quote summary screen in [Encova Edge](#).

8. What property coverage and cause of loss are required?

To be eligible for Business Owners Plus, a property must have one of the following coverage selections: a) no coverage, b) building or c) building property tenants policy. The eligible cause of loss is special; risks with basic or broad cause of loss

are not eligible for Business Owners Plus and will be referred for standard package handling.

9. Does business income actual loss sustained (BI ALS) still need to be scheduled?

No. BI ALS is automatically added at the line and building level, when applicable. Suggested estimates determined by industry group are added automatically and are used only for rating purposes – coverage limits remain actual loss sustained. Updates can be made if additional information is available. BI ALS may be removed if it is not desired.

10. Can Business Owners Plus be changed to a standard package midterm?

No. After the policy is issued, the Business Owners Plus yes/no selection is read-only. A midterm change or flat change cannot be used to convert the policy to a standard package. If the risk no longer meets criteria midterm, the acceptable path is to proceed within acceptable criteria or cancel and rewrite to the appropriate product.

11. How is subcontracted work handled for contractor risks?

Subcontracted work is charged using the subcontracted work general liability code. Risks with greater than 35% subcontracted work are ineligible.

12. Is a business income worksheet required for BI ALS?

No. A suggested estimate will be generated based on the industry group and can be updated if additional information is available. BI ALS may be removed if it is not desired.

13. Is BI ALS the only business income option available?

No, BI ALS is the default business income tool for this product and was designed to compete in the small business market. Two enhancement options are also offered: BI ALS Essentials and BI ALS Premier.

If other options are needed, the ALS endorsement can be removed, and either the coinsurance or monthly limitation version of business income can be added in lieu of the options above.

14. Can ineligible exposures be placed on a separate policy while keeping Business Owners Plus for the eligible portion?

No. If the risk becomes ineligible for Business Owners Plus, the account should be moved to a standard package due to the nature of the general liability exposure.

15. Do minimum premiums still apply?

Yes. Existing policy minimum premiums apply.

16. Are marketing materials available?

Yes. Marketing materials are available in [Encova Edge](#) by going to **Resources and Marketing**, then the **Marketing** tab and searching for “Business Owners Plus.”

17. Is there stacking with blanket coverages when higher limits are needed?

Yes. If additional limits are required for coverages included in the enhancement endorsements, they can be endorsed in the appropriate coverage part. The language in the enhancement endorsements was designed to accommodate this.