

Business Insurance Cost Analysis

How Much Does Small Business Insurance Cost?

By far, the question we hear most often from small-business owners is: "How much is business insurance?" While the answer to that question always depends on the specifics of an individual business, it's also true that you can get a pretty good idea of what to expect from looking at pricing data from some of the thousands of businesses we've insured in the past.

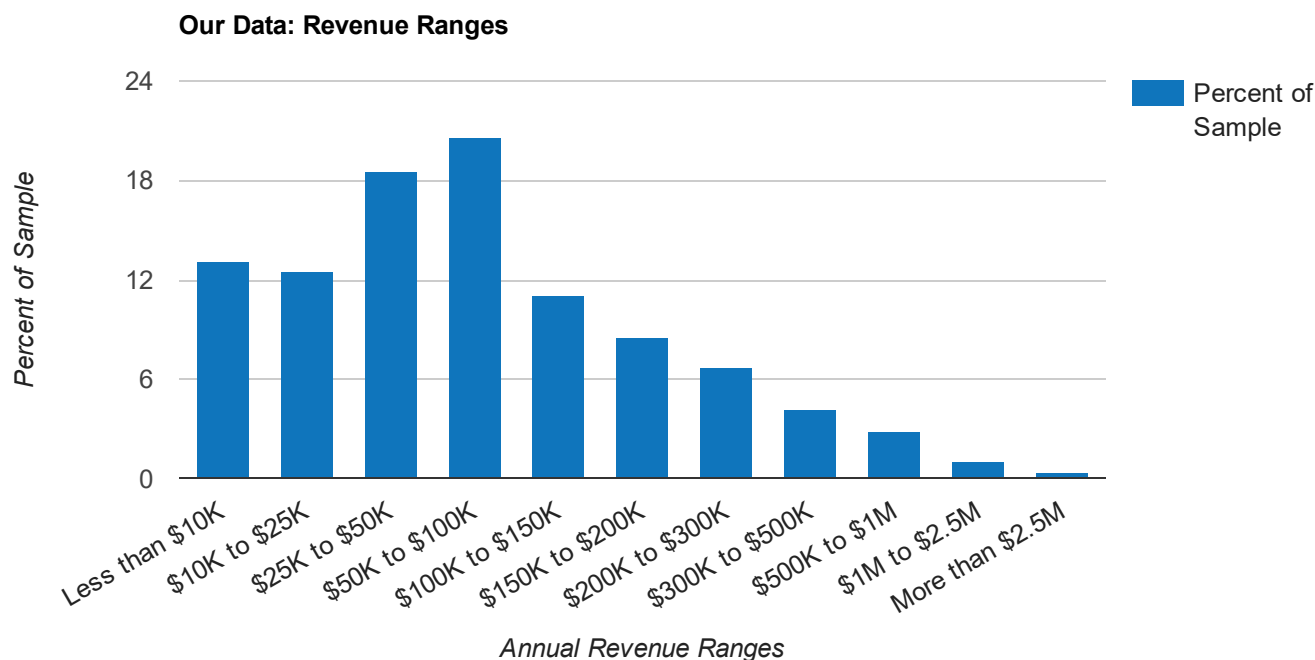
On this page, we analyze cost data from a random sample of policies written by Insureon in 2014. On other pages in this section, you'll see a breakdown of [Small Business Insurance](#) costs by policy.

About This Analysis

The data behind these charts was drawn from a random sample of approximately 15,000 of the small businesses served by insureon in 2014. The sample was limited to businesses with between one and 10 employees. The mean (average) business had...

- 1.88 people (median: 1)
- \$169,482.38 (median: \$70,000) in revenue

The charts below offers a more detailed breakdown of the makeup of the businesses included in this analysis.



The cost information you'll find on this and related pages shows which policies these business owners bought, how much those policies cost, which factors affected the cost of coverage, and how much costs varied.

How Much Does Small Business Insurance Cost?

Irrespective of industry, business size, or policy bought, the average cost of a small business insurance policy in 2014 was \$725.33. The median cost was \$500.

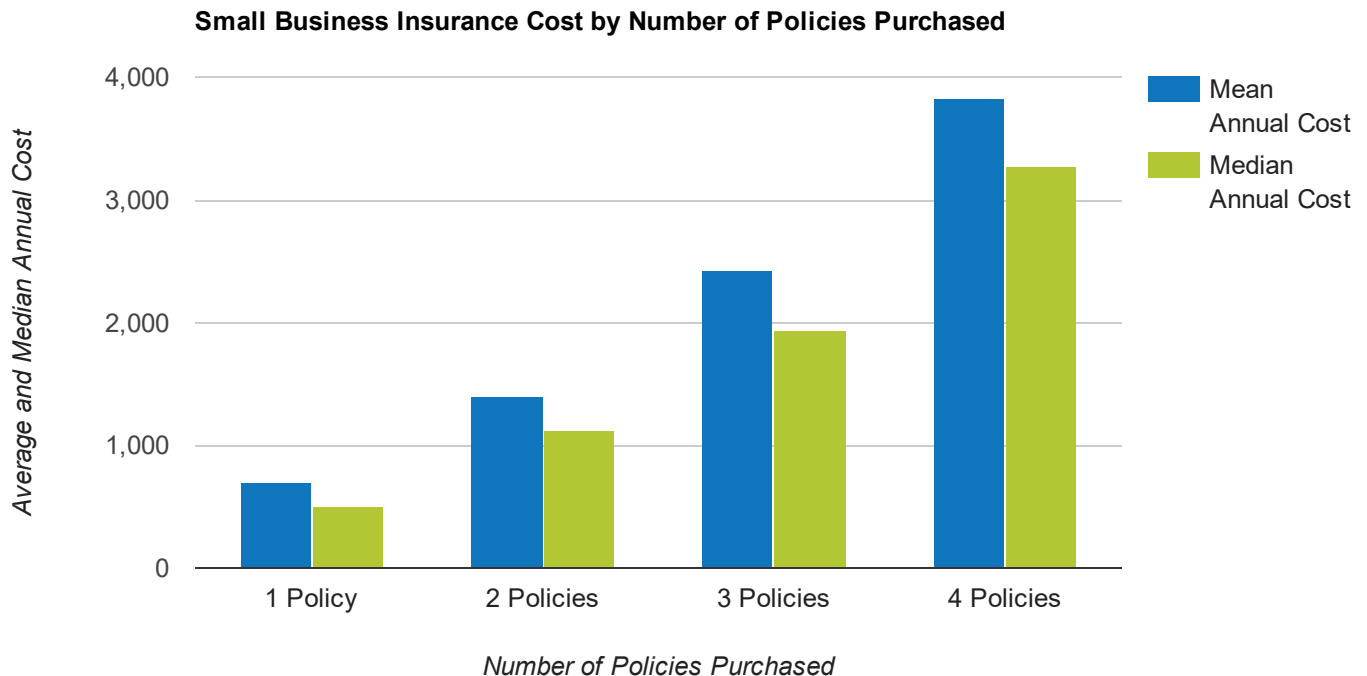
Of course, those numbers only offer a very broad overview. Lots of factors affect the price of small business insurance, including...

- Type of policy a business purchases.
- Size of the business.
- Industry.
- Location.
- Revenue.
- Number of employees.

In some cases, the cost of coverage can even depend on the number of policies a business owner buys. That's because of the magic of bundling: as with discounts available when you bundle cable and Internet together, many insurance providers offer price breaks when small business owners buy multiple policies at the same time. (Learn more about the most popular way to bundle insurance for small businesses on our page about the [Business Owner's Policy](#), or BOP, which bundles [General Liability](#) and [Property Insurance](#).)

Number of Policies Dictates Cost

As with anything, the more insurance policies you buy, the more you can expect to pay. But how much more? Read on to get an idea of how your costs will be affected by buying multiple policies.



Cost of 1 Insurance Policy

The majority of insurance customers (75 percent) buy just one policy. Of those who do...

- 51.78% buy General Liability Insurance.
- 16.48% buy a Business Owner's Policy (BOP).
- 15.33% buy Errors & Omissions.
- 10.97% buy Workers' Compensation.

The average cost for businesses that buy just one insurance policy is \$692.98 per year, and the median is \$500.

Cost of 3 Insurance Policies

For businesses that buy three policies, the average yearly cost is \$2,424.53 (the median cost is

Cost of 2 Insurance Policies

For businesses that buy two policies, the average annual cost is \$1,405.86 (the median is \$1,125). The most popular two-policy combinations are...

- 30%: General Liability + Workers' Comp
- 28%: General Liability + Errors & Omissions
- 14%: Business Owner's Policy (BOP) + Workers' Comp
- 13%: Business Owner's Policy (BOP) + Errors & Omissions

Cost of 4 Insurance Policies

The average yearly cost of insurance for businesses that buy four policies is \$3,817.68. The most

\$1,930). The most popular three-policy combinations are...

- 50%: General Liability + Errors & Omissions + Workers' Compensation
- 30%: BOP + Errors & Omissions + Workers' Compensation

popular four-policy combinations are...

- 63%: General Liability + Errors & Omissions + Workers' Compensation + Fidelity Bond
- 26%: BOP + Errors & Omissions + Workers' Compensation + Fidelity Bond

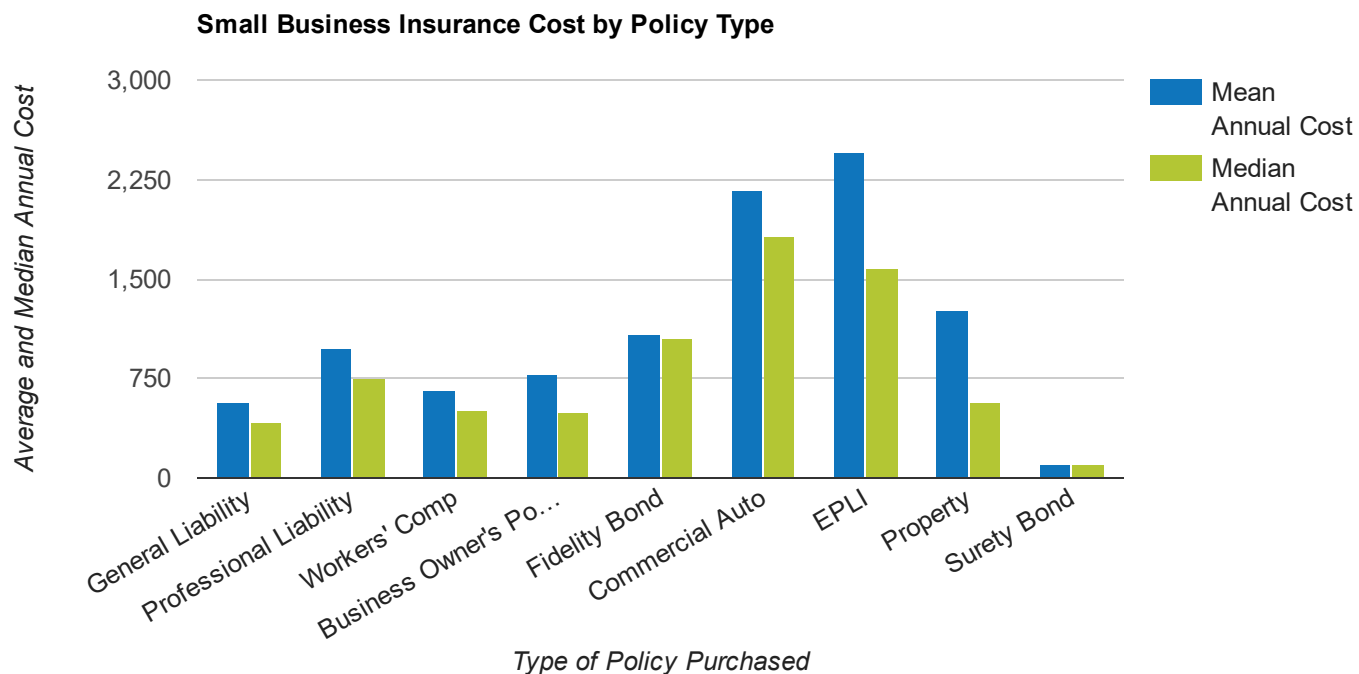
How Policy Type Affects Cost

As mentioned above, the kind of insurance you buy affects how much you pay. No surprise there: umbrellas, tents, and roofs all come with vastly different price tags. They also offer significantly different types of protection. [Business Insurance](#) works the same way. Each policy provides coverage for different types of risks, and its price reflects those differences.

For example: [General Liability Insurance](#) is one of the least expensive kinds of coverage we sell, with a median annual cost of just \$425. [Employment Practices Liability Insurance \(EPLI\)](#), on the other hand, is one of the most expensive policies we offer, with a median annual cost of \$1,585.

Why the difference? Because GL covers businesses for incidents like slip-and-fall injuries, which tend to be fairly straightforward and so have relatively low price tags. EPLI, on the other hand, covers businesses for employee-related issues of discrimination. These cases are often complex and require far more work from lawyers, which makes them much more expensive to resolve.

Take a look at the following chart to see where other small business policies fall on the price spectrum.



probably don't need workers' comp insurance. Businesses that do have employees, though, are almost always required by state law to carry this coverage.