

**On Your Terms podcast Episode 42:**  
**Business Insurance Mistakes that Could Cost You BIG**

**Sam Vander Wielen:** [00:00:12] So, today, we're talking all about business insurance, which I get so many questions about business insurance, and I hear so many bad myths about business insurance, too. And I'm really excited to break down all of these myths for you today, teach you what business insurance really is, whether you need it, like how it works to protect you, and what some of the most common mistakes are for those that might even have business insurance already.

**Sam Vander Wielen:** [00:00:38] So, don't quit on me, if you already have business insurance, and you're like, I can skip this episode, no. Actually, a lot of this has to do with you, because one of the worst myths, I guess, I see most often are people who think that they have business insurance when they don't have the right kind, they don't have the right coverage, or it just like wouldn't do anything for them, and then there's no point, right? So, we're going to dive deep into business insurance, especially for online business owners today. I am so excited to do this episode.

**Sam Vander Wielen:** [00:01:07] And before we get started, if you think that a friend of yours would benefit from an episode about business insurance, maybe you have another friend starting their own business or who you've talked to about this in the past, I would so appreciate you just taking a sec and forwarding them the direct link to this episode, text it to them, DM it to them so that they can just pop it open and listen right alongside you. It would mean so much to me if you shared it with somebody in your circle. I hope that they like it.

**Sam Vander Wielen:** [00:01:35] Okay. So, if you're new here, I'm Sam. Welcome to On Your Terms. I'm an attorney turned entrepreneur, and I help online coaches and course creators learn how to legally protect their online businesses. And each week here on the show, I bring you fresh legal tips about how to protect your business, and I even sprinkle in loads of episodes about how to actually grow your business and do it On Your Terms. That's why I named the show that.

**Sam Vander Wielen:** [00:01:59] So, before we hop into today's episode, I'm going to give a shoutout to the reviewer of the week. It's DiamondA2021. DiamondA left a review on my podcast on Apple Podcasts saying, "Oh, my goodness, I am a new fan of Sam's podcast, 100%. Sam is so down to earth while being so knowledgeable and wise at the

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same time. Many of her episodes speak directly to my heart and help me become more confident as a gospel fitness trainer and business owner. The episode, What Other People Think of Your Business Doesn't Really Matter, especially spoke to me. For the longest, I obsess over unfollowers, but Sam is right encouraging us all to celebrate our wins and make a difference in our own ways."

**Sam Vander Wielen:** [00:02:40] I'm so glad that that episode spoke to you. I'll leave a link to that episode below. A lot of people liked that episode. Thank you so much for leaving that review. It was so kind of you. And if you want to leave a review and possibly get a future shoutout on an episode, go ahead and leave a review on Apple Podcasts for my show, On Your Terms, and you'll be entered to win a 20-dollar Starbucks gift card. All you have to do is just leave a review, leave the rest to us. We pick a new winner every single month, so be sure to submit your review right after you listen to this episode.

**Sam Vander Wielen:** [00:03:18] Okay. So, let's just dive straight in. What the heck is business insurance? Business insurance is essentially what financially protects your business, right? It is different than any other thing that you've heard of or that you might have in your business. So, it is different than having an LLC, it's different than registering your business, it's different than having a contract. It is totally separate, and distinct, and unique, and no, it's not a one or the other.

**Sam Vander Wielen:** [00:03:44] It's not like you get an LLC, and then you don't need business insurance or that you get business insurance and don't need an LLC. This is something you get alongside of all of the other legal protection that you have. So, how does it financially protect your business? What do I mean by that? Well, business insurance financially protects your business by covering you for certain things that could happen in your business.

**Sam Vander Wielen:** [00:04:08] Like a client of yours does something that you suggest to them, or they heard you talk about on social media, or something like that, and they experience some sort of negative result, right? They have an allergic reaction. They lose money, their business goes down the toilet, they hurt themselves, whatever. So, when that happens, if they sued you or even if they threaten to sue you, meaning they

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got a lawyer to like send you a nasty lawyer letter, your business insurance would step in and provide you with a business defense attorney.

**Sam Vander Wielen:** [00:04:40] And then, if there was a settlement or a judgment, like if a lawsuit actually went forward, and then there was like a 50,000-dollar judgment against your business, in theory, business insurance would pay for that. So, they would pay for the lawyer to protect you and represent you. And then, they would pay for the judgment or settlement that was found against your business. Now, there are a couple of important caveats there, right?

**Sam Vander Wielen:** [00:05:03] One, just like any kind of insurance, you actually have to be covered for the thing that you're sued for, right? So, if somebody sues you for something that you're not covered for, then they're not going to pay for that, right? They'll deny coverage. Just like if you go to a doctor who's like not in network with your health insurance, you'd have to pay for it, right? So, it's always important that we know what's covered, or you have like elective plastic surgery, your health insurance isn't going to pay for that.

**Sam Vander Wielen:** [00:05:26] So, just like any other kind of insurance, we have to make sure that whatever we get sued for is covered, I'm going to talk about that today. And then, the other big caveat here would be that you have a deductible when it comes to business insurance. So, the only part that you should be financially responsible for or your business should be financially responsible for would be whatever your deductible is, just like car insurance, for example.

**Sam Vander Wielen:** [00:05:50] If you get into an accident, God forbid, and you don't have to pay for the repairs to the car or anything like that, but you do have to pay your deductible, which might be \$500, \$1,000, or up, right? The deductible is the amount that you are responsible for. So, forgive me if you already know all of these terms, I'm definitely not trying to assume that you don't know all of these things. I just want to make sure that we like cover all of this for everyone, right?

**Sam Vander Wielen:** [00:06:15] So, your deductible is what you're responsible for. Your premiums are the monthly payments or the yearly payment that you make to pay

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for your insurance, right? So, those are different things. So, you would still pay for your insurance, you'll have a premium to pay for your business insurance, but then the deductible is what you would owe, if and only, if you had some sort of claim, right? So, that's an important thing to know about business insurance.

**Sam Vander Wielen:** [00:06:40] What do people mean, though, when they say business insurance? Because a lot of people, though, will say to me, is business insurance the same thing as liability insurance, or is business insurance the same thing as professional liability, or errors or omissions, or commercial general liability? The overarching answer here is that, when I say business insurance, that's a very general term, and then under business insurance, there are different types of business insurance.

**Sam Vander Wielen:** [00:07:04] Professional liability is one type of business insurance, so really, really crucial one for coaches and course creators to have, right? That's just one kind. So, if you have professional liability coverage, then yes, you have a type of business insurance. Sometimes, that's all that people need. Sometimes, there's like one or two other small ones that you might need. It depends. Like if you see clients in person, if you like teach fitness classes, you might want like a cyber liability policy, there are different kinds of business insurance policies.

**Sam Vander Wielen:** [00:07:35] But the main one, and especially for like the coaching, content creator community is professional liability insurance. That's also sometimes called E&O, or errors and omissions, which is what E&O stands for. That's the same thing, right? So, essentially, what professional liability or errors and omissions—I feel like I just said errors like a real Philadelphian, my dad would be proud, errors, that's how he says it. Errors and omissions, just like slipped out there. Sorry about that.

**Sam Vander Wielen:** [00:08:04] So, if you have E&O or if you have professional liability insurance, yes, that's a type of business insurance, and that's a kind of business insurance that protects you from mistakes as a result of your work, right? And remember whenever we're having this conversation, I need you to like set aside some of your like pride, because we all like have this initial reaction of like, but I wouldn't ever do that, right?

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**Sam Vander Wielen:** [00:08:31] I would never tell somebody to do something that would hurt them. I would never tell somebody business advice that would cause their business to go downhill, or I would never mean for that to happen, or I tell them that they should check with their doctor, I tell them they should check with their lawyer or their accountant. We got to set that aside because we have to come back to the basic foundational principle that the legal system in America is absolutely nuts and pretty much anybody can sue anybody for anything, right?

**Sam Vander Wielen:** [00:08:58] And so, even if you've had the ironclad disclaimers, and even if you've done all the things, and you think you've said all the right things, and you think you've had them sign a killer contract, people can still file lawsuits. Doesn't make it right, doesn't make it true, doesn't mean you won't win, but it can still happen, right? So, the point of business insurance is because we can't control if and when somebody sues us, right?

**Sam Vander Wielen:** [00:09:24] We put all these things in place and we try our best to make it the best situation possible. We don't want to be financially responsible for what happens as a result of that lawsuit that is outside of our control from even filing in the first place. So, if you have professional liability insurance and someone says that in working with you, or in taking your course, or whatever, they experience some negative result, something bad happened to them as a result of something you suggested, or told, or taught, or said, then they could sue you, and then your business insurance is what would financially support you through that.

**Sam Vander Wielen:** [00:10:00] So, can you see how just having an LLC, for example, it does you no good in terms of like—like a lot of times, people would be like, I don't need business insurance, I have an LLC. It's like, no, they don't do anything remotely—your LLC doesn't pay for anything. So, if you got sued, you would still have to hire a lawyer to fight that lawsuit and to try to get that lawsuit dismissed. That costs a lot of money, right?

**Sam Vander Wielen:** [00:10:24] So, your LLC, first of all, that's a type of business formation, it's a business entity that you formed, that is what keeps you personally

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protected. It's what keeps your personal money, your personal assets off the table, but your LLC doesn't step in and provide you any sort of lawyer, so you would still have to like, yeah, sure, you'd be like personally off limits, but you and your business would still have to hire a lawyer. You can't not hire a lawyer.

**Sam Vander Wielen:** [00:10:52] In fact, in many states, if you have an LLC, you're actually required to have legal representation by a lawyer. You can't represent yourself, right? So, you don't want to be left financially holding the bag if you got sued. That is why LLCs work in conjunction with a solid business insurance plan. It doesn't replace it. They are two very different things. Your LLC is what is protecting you from personal liability, but your business insurance is what's going to step in and pay the lawyer, give you a lawyer, first of all, and pay for them, and then pay the settlement or judgment that's found against your business, right?

**Sam Vander Wielen:** [00:11:33] So, that's the whole point. With your LLC, you've now separated yourself as a person from your business, but you still don't want your business to be financially responsible for all of this, because that's going to be crushing to any normal-sized business, right? So, they're very different things. So, hopefully, we've kind of like cleared that up. If you have any questions still after you've listened to this whole episode, of course, you can always send me a DM on Instagram. I'm at Sam Vander Wielen on Instagram. You can always send me something there.

**Sam Vander Wielen:** [00:12:05] Have you ever felt lost about where to begin with the legal side of protecting your online business? Some people say you can just wing it at the beginning and get officially set up later. Not a good idea, by the way. Whether you're afraid to even start working with clients, because you don't want to do something wrong legally, and then get in trouble, or your business is growing and you sort of forgot to take care of the legal pieces, I've got you.

**Sam Vander Wielen:** [00:12:27] I don't want you to live in fear of the internet police coming after you and your business, but you do have to do certain things and get certain things in place in order to legally and safely run your business online. As much as it just feels like an unregulated Wild, Wild West online, that is very much not the case. As an attorney turned entrepreneur and former corporate litigator, I can assure

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you that there are rules, there are real steps that everybody who runs or starts an online business needs to take.

**Sam Vander Wielen:** [00:12:55] And you're not behind at all. We can get you set up and following the rules right away. In fact, we can even do it today. I want to teach you the five very simple steps to take to legally protect and grow your online business. You don't need an MBA to be a successful entrepreneur and stay out of legal hot water, but you do need to dot your legal Is and cross your Ts in a few key areas that can't be skipped.

**Sam Vander Wielen:** [00:13:15] That's exactly what I'll teach you in my free one hour legal workshop called Five Steps to Legally Protect and Grow Your Online Business. Just head to [mylegalworkshop.com](https://mylegalworkshop.com), drop in your email address, pick the time, and I'll send you a link to watch the workshop video whenever you have time. This is the best place to begin if you're just getting started legally legitimizing your business, so head on over to [mylegalworkshop.com](https://mylegalworkshop.com) and sign up to watch Five Steps to Legally Protect and Grow Your Online Business now.

**Sam Vander Wielen:** [00:13:44] Let's get into a couple of the biggest business insurance mistakes that I see online business owners making, and this is especially true for any of you who already have it, but I also want you to listen up if you are in the process of getting it, or if I've now brought this to your attention, and you're like, oh, I've got to go out and get it. I'm going to give you some really good tips about what to avoid.

**Sam Vander Wielen:** [00:14:05] Okay. So, tip number 1 is just that the biggest mistake I see with business insurance is that people don't have it, mostly because of what I just went over covering in terms of people saying, I don't need business insurance, because I already have an LLC. Now, you're already a pro, you know why that doesn't make any sense and how these things are not mutually exclusive, we get them together.

**Sam Vander Wielen:** [00:14:25] The other reason people don't have business insurance is maybe just because you're not aware of it, which is fine, now, you've listened to this episode, but the other big excuse that I hear is that you're waiting until your business gets bigger or until you have more clients. That doesn't make any sense,

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legally speaking, because your exposure is always—your legal exposure is always there, regardless of your profitability, regardless of how many clients you have, regardless of how long you've been in business.

**Sam Vander Wielen:** [00:14:54] So, your first client, your 12th client, your 100th client, they could all file a lawsuit, it wouldn't matter if you had a lot of money, or you're profitable, or anything like that. None of that is like a legal excuse or any sort of leg to stand on. You wouldn't be able to say like, well, Your Honor, I actually wasn't making very much money, that's why when this person had a deathly allergic reaction to something, I suggested I shouldn't be liable, like that's not a thing, right?

**Sam Vander Wielen:** [00:15:20] So, we have to have business insurance. Like my preference for you would be like, if you're already up and running, no problem, we can get this in place like really quickly, so don't sweat that. Please don't waste any of your time being like, oh, my God, I don't have this yet. It's okay. We can get it really, really fast, like within a day or two. But if you're in the startup stages, I want you to get business insurance in place right before you're ready to offer your services.

**Sam Vander Wielen:** [00:15:48] Not right before you get your first client, right before you're ready to start getting clients, right? As I always say, if you are ready to receive an email from someone saying, hey, I'm ready to work with you, then you should have had business insurance already. Okay. So, we can get this in place, don't sweat it, no biggie, there are tons of options available, but we can get business insurance in place pretty fast.

**Sam Vander Wielen:** [00:16:10] The second business insurance mistake I see is not having the right kind. So, people will have professional liability, but then it's like they don't have maybe commercial general liability insurance, which is a different kind of business insurance, and they're working with people in person, or they have an office space, or a brick and mortar, or something like that. So, whenever it comes to choosing what kinds of business insurance you should have, I always suggest that you let the professional do the work for you here and you explain to the business insurance agent that you reach out to and you tell them what you're doing, right?

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**Sam Vander Wielen:** [00:16:51] Like how do you work with people? What services do you offer? How is that work performed, like in person, always virtual? What topics are you discussing? What kind of content strategy do you have? Like are you a big like blogger or YouTuber? It's really important to let the business insurance agent know that and really let them lead the way, as telling you what kinds of business insurance that you need. And if you're doing your homework, you should shop around, get a couple of different quotes from different insurance agents, and see if they suggest that you need the same types. Yeah, that's what I would suggest.

**Sam Vander Wielen:** [00:17:27] Okay. The third business insurance mistake that I see so often is that you get business insurance that doesn't cover what you do. So, a lot of times, especially when people graduate from like certain programs or courses and certifications, they're like, oh, I just tacked on the insurance that they offered us at the end, but then they go off and they change the way that they're working with people, or they change like the type of work that they offer. Maybe they switch from services to digital products, or vice versa.

**Sam Vander Wielen:** [00:17:57] And I think, sometimes, people just falsely assume that if they get like one type of business insurance, then it's good forever, right? So, I can tell you like internally within my own business, when I add on new products, I don't offer any services, but whenever I've created new products, new courses, something like that, I always reach out to my business insurance agent, and say, does this change anything about what I'm doing? Do I need to add anything on? Right?

**Sam Vander Wielen:** [00:18:22] I also did that when I created a podcast, when I created a YouTube channel, all of that kind of stuff. Once my email list got really big, I was like, okay, I'm sending out like a lot of emails about this stuff. If people take a tip that I give them and it goes badly, am I covered for that, right? Those are the kinds of conversations that I continue to have and this stuff evolved. So, the reason I'm bringing up this tip is just because I don't want you to think that this is like a static thing.

**Sam Vander Wielen:** [00:18:45] It's also not something you have to spend a ton of time on moving forward, but it just is something that you have to like keep in the back of your mind like, oh, when I change something in my business, I might just want to check in

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with my business insurance agent and see if that changes anything about my policy, especially when it's around the kind of work that you do or the way that you do it. That would be the most important.

**Sam Vander Wielen:** [00:19:09] The fourth business insurance mistake I see is that then that business insurance policy you might have doesn't cover how you do things, right? So, again, like the other day, somebody had posted, a new Ultimate Bundle member had posted in my Facebook community after she got the Bundle and she watched all of the trainings inside of my Ultimate Bundle program about business insurance, because I teach you in there like how to get business insurance, and what questions to ask the agent, and all that kind of stuff.

**Sam Vander Wielen:** [00:19:37] She realized that the policy she had was super outdated and it didn't cover how she was doing her work anymore. It also didn't give her any sort of cyber liability, which was something she had realized. And she was like me, sending out a lot of emails, processing a lot of payments, and realizing that she wasn't actually covered for any of the data breach stuff that she was concerned about. She thought that her like one policy that she had gotten didn't actually cover her, right? So, that's why it's so important when it comes to business insurance, just making sure that it covers what you do and how you do it.

**Sam Vander Wielen:** [00:20:12] The final business insurance mistake that I see so often are that people don't check what the exclusion section say of their business insurance policy. So, exclusions are things that are excluded from your policy. In other words, they are things that they will not cover. So, at the end of every business insurance policy, like you'll get an email with like a big fat PDF of your policy, there will be two sections towards the end, one called exclusions and one called endorsements.

**Sam Vander Wielen:** [00:20:40] The exclusion section is what your insurance company is specifically prohibiting from coverage, right? They are specifically saying, we will not cover this thing. This is left out. Do not get it confused. We're not covering it, right? And oftentimes, people just kind of assume like, oh, I told them what I do, I told them how I do it, so my policy must cover that. But then, they're really surprised when they go to

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their exclusion section, another thing that a Bundle member found recently after watching my training, she found that the exclusion section excluded social media.

**Sam Vander Wielen:** [00:21:15] Her entire business, like the marketing side of her entire business, is built off of Instagram. She does workouts, and gives tips, and does demos, and all this stuff, she thought that that was all covered by her professional liability policy. It just so happens that the one that she had specifically excluded it. So, she didn't know about that until she watched my training, and then she had the language and the support she needed to go and talk to them, and get a different policy without paying through the roof.

**Sam Vander Wielen:** [00:21:42] So, she went and spoke to them, and got it all fixed, but a lot of times, people just don't know to look. The endorsement section is, in fact, what they add to your policy. It's like things that are tacked on, so that's also a good one to look at. But the exclusion section tends to be kind of the most alarming in terms of people being like, oh, I didn't even know.

**Sam Vander Wielen:** [00:22:01] Okay. The last one, the sixth one, I think I might have said that this last one was the last one, but in fact, I have a bonus tip for you. Okay. So, if you've been multitasking, come on back to me, I got one more tip for you, because this one's a good one. Tip number 6 is about making sure that you're looking at what we call the deck page, the declarations page of your insurance policy to get all the major information that you need about your policy.

**Sam Vander Wielen:** [00:22:24] First things first, you should have easy access to this document, to your policy, to the declarations page, which is that cover page somewhere in your business. Whether you keep it in Google Drive, or Dropbox, or whatever, you need to have easy access to that. Okay. And you should know these, let's say three things. What are your premiums? Right? Because that will be on your declarations page. What is your deductible? Because that's on your declarations page. And what are your policy limits? That's the amount of money that your insurance company will pay up to, right? So, you probably have like a 1 million, 10 million, 1 million individual, 10 million aggregate.

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**Sam Vander Wielen:** [00:23:04] So, you want to look and make sure that you're comfortable with these numbers. You need to know these numbers. You need to have access to them and you just need to make empowered decisions. Are you comfortable with what the deductible is? Do you know what it is? If I asked you, could you tell me what your deductible is for your business insurance policy? And do you know what your policy limits are? Here's a little bonus, do you know who to contact in the event of an emergency?

**Sam Vander Wielen:** [00:23:28] If you got served with a lawsuit or if you got a nasty legal letter in the mail, who would you contact? I talked about this in my episode about what to do if you got sued and how the very first thing that you do if you have business insurance is contact your business insurance agent. I will link to that episode below. That was a really good one, because if you have business insurance, you do need to know this. You need to know who to contact and how long you have to contact them before you risk losing coverage. So, it's super important.

**Sam Vander Wielen:** [00:23:57] Okay. So, I need a quick favor from you. Before you go, I need you to go over to Instagram, and I need you to tell me, I need you to DM me, and tell me what you learned from this episode. What's your number 1 takeaway? What was the thing that like stuck out to you the most? Bonus points if you want to share that to Instagram stories and tag me at Sam Vander Wielen, letting your audience know that you listen to this episode and that you learned about business insurance so that they can go and learn about it maybe for their own businesses, too.

**Sam Vander Wielen:** [00:24:26] Okay. With that, I hope that you enjoyed this episode. I know a lot of people have been asking about business insurance, so I'm hoping this cleared up a lot of questions around this. I swear it's much simpler to tackle than you might think. I so appreciate you listening to On Your Terms, I appreciate you listening always, and I can't wait to see you here next week. I drop a new episode every single Monday, so I'll be back next Monday with you here on On Your Terms. See you then.

**Sam Vander Wielen:** [00:24:54] Thanks so much for listening to the On Your Terms podcast. Make sure to follow on Apple Podcasts, Spotify, or wherever you like to listen to podcasts. You can also check out all of our podcast episodes, show notes, links, and

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**Sam Vander Wielen:** [00:25:33] Just remember that although I am an attorney, I am not your attorney, and I am not offering you legal advice in today's episode. This episode and all of my episodes are informational and educational only. It is not a substitute for seeking out your own advice from your own lawyer. And please keep in mind that I can't offer you legal advice, I don't ever offer any legal services, but I think I offer some pretty good information.