



# Commercial Property Insurance Checklist for Bay Area Small Businesses

 *20 minutes to understand what you're actually covered for*

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## Why this checklist exists

I've had this conversation dozens of times with Bay Area business owners: they've been in business for years, they have coverage, and they've genuinely never looked closely at what they actually have. Not because they're irresponsible — because they're busy running a business and their broker set it up once and it just auto-renews.

The problem is that businesses change. Inventory goes up. You add equipment. You move to a new space. You sign a lease with different requirements. And the protection plan quietly stays the same.

This checklist is designed to take you through the key questions in about 20 minutes. The goal isn't a perfect plan — it's making sure you're not sitting on a gap you don't know about.

Grab your declarations page before you start. If you can't find it, we can pull it in about 30 seconds.

— *Zach Nadler, Nadler Insurance*

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# Step 1: Verify your basic information

Make sure your address, business description, and lease responsibilities are accurate. Errors here can cause claim denials — and they're more common than you'd think.

**Key Point:** A few years back, a Bay Area client moved their office across the hall to a bigger suite. Same building, same landlord, same everything — except the suite number on their protection plan was now wrong. They didn't think to mention it. When they had a water loss six months later, the adjuster flagged the address mismatch and it delayed the whole process.

## Verify these basics:

- The **address and suite number** match where you actually operate
- The **business description** accurately reflects what you do (this matters for coverage and pricing)
- Any **subtenants**, shared spaces, or off-site storage locations are disclosed
- You know what your **lease says** about who's responsible for improvements, fixtures, and buildout — and your coverage reflects that

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## Step 2: How much commercial property coverage do I need?

Your Business Personal Property (BPP) limit should be based on the actual replacement cost of your equipment, inventory at peak season, and all fixtures — not a round number someone picked years ago.

This is where I see the most underinsurance with Bay Area businesses, by a wide margin. Business personal property limits often get set once at inception and never revisited.

**Key Point:** Your BPP limit should reflect today's replacement cost, not yesterday's purchase price

### Verify your property coverage:

- Your **Business Personal Property (BPP)** limit is based on an actual estimate, not a round number someone picked
- Inventory at **peak season** (not the slow month)
- Equipment at **replacement cost** today (not what you paid for it three years ago)
- Furniture, computers, tools, fixtures
- If you own the building, your **building limit** is based on rebuild cost — not market value
- You know whether your coverage is **Replacement Cost** or **Actual Cash Value** (the difference at claim time is significant)
- If your plan has a **coinsurance requirement**, you understand how it works and you're confident you'd meet it

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# Step 3: Understanding Replacement Cost vs Actual Cash Value

Most commercial property plans default to **Actual Cash Value** (depreciated) unless you specifically ask for and pay for Replacement Cost. The difference at claim time can be significant.

**Key Point: Replacement Cost pays to replace your damaged property with new items at today's prices. Actual Cash Value deducts depreciation.**

## What this means for your business:

- **Replacement Cost** means the carrier pays to replace your damaged equipment or inventory with new items at current prices
- **Actual Cash Value** means they deduct depreciation — so if your 5-year-old computer gets damaged, you're getting paid for a 5-year-old computer, not a new one
- You've confirmed which one you have on your declarations page
- You've made an intentional decision about whether the premium difference is worth it for your business

## What about coinsurance?

Coinsurance is a penalty if you're underinsured. If you carry less than the required percentage (usually 80–90%) of your property's actual value, the carrier will reduce your claim payment proportionally. It's one of the most common surprises we see at claim time.

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# Steps 4-7: Complete Your Review

## Step 4: Business Income Coverage

Business Income coverage pays for your lost revenue and continuing expenses when a covered loss forces you to close temporarily. It's essential for Bay Area businesses that couldn't absorb 60-90 days of lost income.

- You have Business Income coverage (this is the one that keeps me up at night for commercial clients)
- The limit and period of restoration actually make sense for how long it would realistically take to get back up and running
- You understand what triggers it (it's usually tied to a covered property loss, not every interruption)
- Extra expense coverage is included for additional costs to get back up and running faster

## Step 5: Coverages Bay Area businesses often miss

- **Equipment breakdown** is included if you rely on anything mechanical — compressors, HVAC, refrigeration, specialized machinery, commercial kitchen equipment
- **Water damage specifics:** You know what your plan covers for leaks, backups, and seepage
- **Tenant improvements and betterments:** If you've built out your space and you'd be responsible for rebuilding it, that's covered at realistic limits
- **Ordinance or law:** If a covered loss required you to rebuild to current code, your plan helps with the upgrade costs

## Step 6: The California-specific exclusions

- **Wildfire and smoke:** you know how your plan responds, and whether there are any restrictions on your specific location or occupancy
- **Earthquake:** not included in standard commercial property. Separate coverage required. Have you made a conscious yes or no decision?
- **Flood:** also excluded. Separate coverage if relevant. Conscious decision made?
- You're not in a "high hazard" zone without knowing it — worth asking your broker directly

## Step 7: Document your business property

- You can find your declarations page in under 60 seconds
- You have photos or video of your space and key equipment (inventory this visually, not just on a spreadsheet)
- You have a basic inventory list — even rough is better than nothing
- Your certificates of insurance (COIs) are accurate and match what your leases or contracts require

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# Growing Up Covered Insight

*A note from Zach*

The business income piece is the one that keeps me up at night for my commercial clients. Property damage is painful but it's visible — you can see what broke, you know what to replace. Lost income is different. If a fire shuts your restaurant for four months, or a water leak closes your retail space during the holiday season, the damage is the gap between what you're still paying out and what you're no longer bringing in.

I've seen Bay Area businesses recover from the physical loss and struggle with the income part because the limit wasn't right or the waiting period was too long. Ask your broker specifically: if I had to close for 90 days, what would I actually collect? Make them walk you through it. That conversation is worth more than the checklist.

[Read more at GrowingUpCovered.com](https://www.growingupcovered.com)

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# Questions to ask your broker

Copy and paste these into an email to your agent. A 15-minute call can clear up all the "I'm not sure" answers from this checklist.

- What are the biggest exclusions in my property coverage for my type of business?
- Am I Replacement Cost or Actual Cash Value on business personal property?
- Do I have coinsurance? If yes, how was my limit calculated and when was it last reviewed?
- How does Business Income trigger, and what is my actual limit or time period?
- Do I have Equipment Breakdown coverage? If not, do I need it?
- What's my exposure on tenant improvements if I had a total loss?
- Have I made an intentional decision on earthquake and flood?

## What to do next

Send over your dec page and a rough inventory estimate and we'll sanity-check the limits and flag the gaps worth talking about. The goal isn't a perfect plan — it's making sure you know what you have before you need it.

No pressure. Just clarity.

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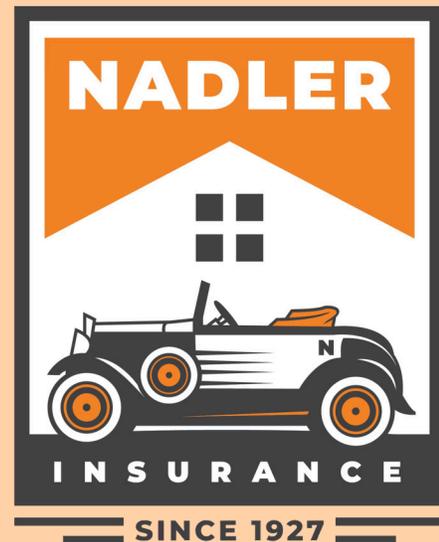
# Ready to review your coverage?

Let's walk through it together at [nadlerinsurance.com](https://nadlerinsurance.com) or reach out directly.

[Book a Free Review](#)

Or call us: (650) 508-8000

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*Nadler Insurance has been protecting Bay Area businesses since 1927. Four generations.*

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