

## Commercial Output Policy

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For certain businesses, it may not make much sense to buy a standard Commercial Property Policy. The CPP protects against routine building and business property loss exposures, so it is less useful for insureds that run many types of businesses. For companies which have operations that involve the following:

- heavy retail sales activity
- active product transportation
- above average processing/manufacturing, or
- equipment installation and/or repair

there's another coverage alternative, specifically the Commercial Output Policy (COP).

The COP is the modern version of the Manufacturer's Output Policy (MOP). Output refers to the property that is created as the result of going through a given business' processing or manufacturing process. The COP is very well suited to handling larger businesses, particularly ones that move property around to different locations. It is also a good coverage choice for businesses with high, fluctuating levels of stock or merchandise.

A COP provides flexible protection by combining broad commercial property and inland marine coverage in a single form. This approach reduces the potential for coverage gaps that could occur when commercial property forms are merely packaged with separate inland marine policies such as equipment floaters. The latter approach creates a greater effort in coordinating and tracking coverage to make sure adequate protection is maintained.

The COP can insure damage to stock (output) during the manufacturing process and while it is in transit. Coverage exists for a variety of property such as equipment used by contractors and computers. It can cover operations involving building and installation as well as offer equipment breakdown protection.

A COP typically offers a variety of optional features such as coverage for loss involving:

- Crime
- Employee Dishonesty
- Spoilage (particularly of refrigerated products)

Another feature of a COP is the use of blanket coverage. In other words, a single, substantial limit of insurance may apply to several classes of property (buildings and business personal property, property in transit) and without a coinsurance provision. The COP is flexible enough to provide coverage to most large commercial operations. It also offers limits that are much higher than what is generally offered by other types of commercial property policies. If you own a large business, it may be worth your while to call a COP.

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