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must negotiate with your agent are the waiting period before you can collect (akin to a deductible, it can be measured in either hours or days) and the period for which you'll be covered after business resumes but before it regains full strength. Most important, unless otherwise agreed, basic business interruption kicks in only after a physical loss of property shuts you down. A business owner's policy usually includes business interruption coverage.

3. For Special Circumstances

Key man insurance pays out when an invaluable team member dies or, more commonly, becomes disabled. For many small businesses, the only truly indispensable person is the owner—in which case it may merely duplicate individual life and disability policies. The exceptions include partnerships, for which these policies are often used to buy out a member or his heirs, and companies in which a particular employee possesses technical or highly specialized skills or knowledge that can't be easily replaced. When you buy it, buy enough to cover the cost of finding a replacement and maintaining support staff and facilities until the new person begins to earn his keep. Key man disability is separate from key man life and usually limited to a percentage of the person's income.

Errors and omissions insurance, or professional liability coverage, is product liability when the product is a service. (Medical malpractice, for example, is a form of errors and omissions.) "If you hold yourself out as an expert giving advice, and someone could be financially damaged in taking that advice, you want to think about professional liability insurance," says Jeff Perlman, an agent in Lawrenceville, New Jersey. Again, the cost of litigation is at least as great as the claims paid out, so make sure the legal defense costs coverage is ample.

Directors and officers liability. Most small corporations don't need it: Their leadership is unlikely to be sued, and when litigation does arise, it's usually covered by another liability policy. D&O begins to matter when companies have outside investors—according to one survey, nearly a third of private companies reported D&O claims from shareholders in the past decade.