



FAQ

Running a business from home? Make sure you're covered

Working from a home office, or creating and running a business from your home or apartment, can have a variety of intangible benefits, and be a wonderful way to earn a living or just some extra spending money. However, it's important to remember that a business is just that – a business – and it, and you, need to be insured like one!

A home-based business ("HBB"), like all businesses, should be properly insured to protect both the business assets, and its owner. More often than not, HBBs are underinsured or uninsured (it's estimated that nearly 60% of HBBs are uninsured), a fact the HBB owner usually discovers ONLY after an incident or loss has occurred. Following are some things to consider:

Q: If I operate my business out of my home or garage, doesn't my homeowner's or renter's policy address my insurance needs?

A: Standard homeowner's and renter's policies were designed to cover a home, not a home business, and provide very limited coverage for business exposures.

Q: What business exposures does a homeowner's/renter's policy cover?

A: Homeowner's and renter's policies generally provide a small amount of coverage for business personal property (equipment, inventory & supplies) – typically \$2,500 for "on-premises" protection, and \$1,500 for "off-premises" protection. These limits will likely be insufficient if a fire, or other major, unforeseen disaster, were to destroy your home or apartment, along with all of its contents, including your business inventory or equipment.

Q: If I have a HBB, will my homeowner's/renter's policy provide coverage if a customer or someone making a business delivery is injured on my property?

A: Most homeowner's/renter's policies will not cover any liability related to your business, unless the coverage has been added separately to your policy.

Q: If I use my personal auto for business purposes, am I covered?

A: Personal auto policies only provide coverage under limited circumstances when your personal auto is used for business purposes.

Q: What options are available to help insure HBBs?

A: There are 3 primary options available, depending on the type and nature of your business:

- Homeowner's Policy Endorsement: For a minimal cost, you can add an endorsement to your existing policy to increase coverage for your business equipment and perhaps minimal liability coverage;
- Home Business Policy: Provides a broader, more comprehensive spectrum of coverages than a simple endorsement;
- Business Owner's Policy ("BOP"): Created primarily for small to mid-size businesses, a BOP provides the most comprehensive spectrum of coverage for HBBs.

Q: Are there other coverage issues to consider?

A: Depending on the type and nature of your business, including whether or not you have employees, you may also need to consider:

- Coverage for loss of income
- Health & Disability
- Errors & Omissions Coverage
- Workers' Compensation
- Umbrella coverage

As a HBB owner, you face a myriad of exposures including theft, accidental damage to business property, natural disasters, fire, auto accidents, liability if an employee suffers injury on the job (or if the employee causes injury to others and their property while on the job), or if a business guest or supplier is injured while on your property.

Having proper and adequate coverage can protect you from losses that can cripple or devastate your HBB. Don't treat your HBB like a lottery ticket – after all, your life's work and dream are more than simply a game of chance.

As your independent insurance agent, I'm here to help answer any questions and help you review your available options.