



Are You A Home-Based Business?

You have heard of Murphy's Law: whatever can go wrong will go wrong. If you run a home-based business then chances are you are like most home-based businesses – unprotected from most business based. Homeowners insurance doesn't cover most business property and may not provide coverage for lost business revenue, injuries to workers and other important risks of loss.

Homeowners insurance is mainly designed for the types of losses a traditional family might sustain, like property damage to personal contents, the structure of the home and liability to others that get injured while on your property. Special coverage limits are typical for special risks, such as business owned property on in the home, but the limit of liability is usually only \$2,500. Homeowners insurance does not cover injuries to your workers while on the job. Besides, every state buy one requires a business with buy workers compensation insurance to cover its employees, and the penalties are still if you fail do so. And if your business can't operate when your family home burns down, or floods, guess what? The revenue lost because you are shut down is lost forever.

There are solutions, and your insurance agent is more than willing to help you find them. For instance, workers compensation insurance is readily available and regulated by state insurance departments, so the coverages are comprehensive and usually quite affordable. You can also buy business income insurance that will actually pay you for lost revenue resulting from particular hazards. There are several other insurance products readily available depending upon your specific business or need, such as Cyber Security which protects against hacks and stolen data, Employment Practices Liability which protects against claims of discrimination and other similar claims, and Professional Liability which covers losses arising from your professional services, such as design, architecture or advising services.

Other ways to protect your business assets are to avoid doing business as yourself; what's called a sole proprietorship. General Liability insurance is critical to protect yourself from others claiming you caused them harm, but if you are a sole proprietor it is more than likely your homeowners insurance limit is too low and it may not even cover the damage at all. If either of these happen, your personal assets could be lost. Try incorporating, forming a partnership or a limited liability company. That way risk of harm caused to others is limited to the assets of the business only. Of course, you can, and should consider transferring the risk to the business to insurance companies.



Even if you are home-based, buying the correct insurance and legally separating your business from your personal assets are terrific ways to protect yourself, your family and your business in the event something unexpected happens, and as we all know, it eventually will.