

Purchase Special Insurance for Your Home-Based Business

The United States has experienced a rapid growth in home-based businesses in the last decade. The U.S. Census Bureau reports that there are now more than 11 million home-based businesses in the country, a figure that is expected to rise in the coming years.

But if you run a home business, losses associated with that business may not be covered under your homeowners policy unless special coverage endorsements are added. Some insurers sell an endorsement that covers losses associated with a home-based business. We can quickly find out if such an option is available.

What if you are operating a home-based business without your insurer's knowledge? Suppose you had a small fire that damaged your home office and computer and resulted in some lost income. Once your insurer sends an adjuster who, while investigating your claim, discovers your business, your insurer may deny some or all of the claim because of business-related exclusions and restrictions found in many homeowners policies.

Conversely, if you paid the additional premium to add a home-based business endorsement to your homeowners policy or you bought a businessowners policy (BOP), your loss would likely be covered—even the loss of income. (A BOP is a separate policy form designed to insure the property and liability exposures of small businesses.)

And do not forget about liability. If you have business visitors in your home and they get hurt, many insurers' homeowners policies will not cover those injuries because of the business-related loss exclusion found in the personal liability section of the policy. Again, it is necessary to purchase a special endorsement to the homeowners policy or a separate BOP. Also, if your activities give rise to any type of errors and omissions or professional liability exposures, they are not likely to be covered under either your homeowners policy or a BOP. A separate errors and omissions (E&O) policy will need to be arranged for this loss exposure.

Different insurance companies have different criteria for excluding business-related losses from their policies. If your current insurer cannot respond to your coverage needs, we can present several options to you.

But the important thing to remember is this: if you are running a business out of your home, call us. We will work hard to assure you are properly protected.

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