

## **Insurance Coverage Options for Home-Based Business**

More and more companies are now being run from residential properties. This is an ideal option to minimize the hassle of commuting, earn extra income, and negate the high rental or purchase and maintenance costs of renting or buying commercial space.

You should, however, remember that a home-based business is like any other and will also need insurance. People focus on homeowners, auto, and life insurance, and assume they do not need coverage for the business they are operating from their Sandy home.

The elements covered in homeowners insurance do not, however, include anything in your business. Without separate business insurance, you will be counting significant losses should anything affect your home and consequently your business assets or the company itself.

Here are the insurance options for your home-based business.

### **Commercial General Liability**

This covers third-party legal and medical costs, property damage, and bodily injury. This is essential in case a customer gets injured after visiting your home-based office for one reason or another. It will also cover injuries you might sustain when visiting a remote location such as your client's property.

Commercial general liability is an ideal choice for those who work directly with the public. These include personal trainers, beauticians, yoga and Pilates instructors, and day care service providers.

### **Commercial Property Insurance**

This will cover your business for property damage owing to specific covered events, including extreme weather, theft, vandalism, and fire. Some of the business property you might need to insure include your building, inventory, and office furniture.

Commercial property insurance will cover the replacement and repair expenses in case anything happens to them. If you have any high-value assets in your home office or store your inventory at home, commercial property insurance is essential for you.

### **Errors and Omissions Insurance**

This protects service and professional-oriented businesses from liabilities related to their negligence and mistakes. The insurance will cover your defense and legal costs if a client sues you for damages arising from your incorrect advice, accidental contract violation, or unintentional errors.



Architects, bookkeepers, financial advisors, real estate agents, personal trainers, and physiotherapists working from home are some of the people who need errors and omissions insurance.

### **Workers Compensation Insurance**

Approximately 10% of home-based businesses have employees other than the business owner. Workers compensation insurance is essential to cover their medical expenses, lost wages, and other issues arising from work-related injuries and illnesses.

Some states will only require this insurance for home-based businesses with more than three employees while others require it even if you only have one employee.

### **Homeowners' Policy Endorsement**

This is an extension of your existing homeowner's policy. It is designed to protect your home business from claims related to third-party body injuries and business property damage. Homeowners' policy endorsement is ideal for companies that do not have significant high-value assets or liability risks.

Few home-based businesses invest in insurance, believing it is a preserve of large companies with big offices and several employees. These insurance covers are, however, essential for all business owners who want to minimize their losses should anything affect their home-based business. Before signing up for one, ensure you understand what the insurer covers vis-à-vis your business type and needs.