

Do I Have The Protection I Need?

Millions of Americans are operating full or part-time businesses from the comfort of their homes, and these numbers continue to grow every year. One of the secrets to running a successful home-based business is being able to separate your business activity from your home activity.

Whether you spend two hours or 62 hours per week on your at-home endeavor, it remains a business with all the risks and rewards associated with owning a business. To safeguard against the risks, you need to be aware that your homeowners insurance policy offers limited or no protection for your business while it is being operated from your home.

If you rely on your homeowners policy as your only means of insurance protection, you may find your business underinsured or uninsured in the event of a loss. This brochure provides useful information for designing an insurance program for your home-based business.

If you have a personal vehicle that you sometimes use for business or if your in-home business is the owner of one or more vehicles, your independent insurance agent can advise you whether you will need to purchase a personal or commercial automobile policy.



Doesn't My Homeowners Policy Cover My In-Home Business?

Homeowners policies were never intended to cover business exposures. Consequently, coverage for the items you use in your business, such as computers, fax machines, filing cabinets, tools and inventory are limited to \$2,500 in your home and \$250 away from home under most policies. And your homeowners coverage provides no liability insurance for your home-based business.

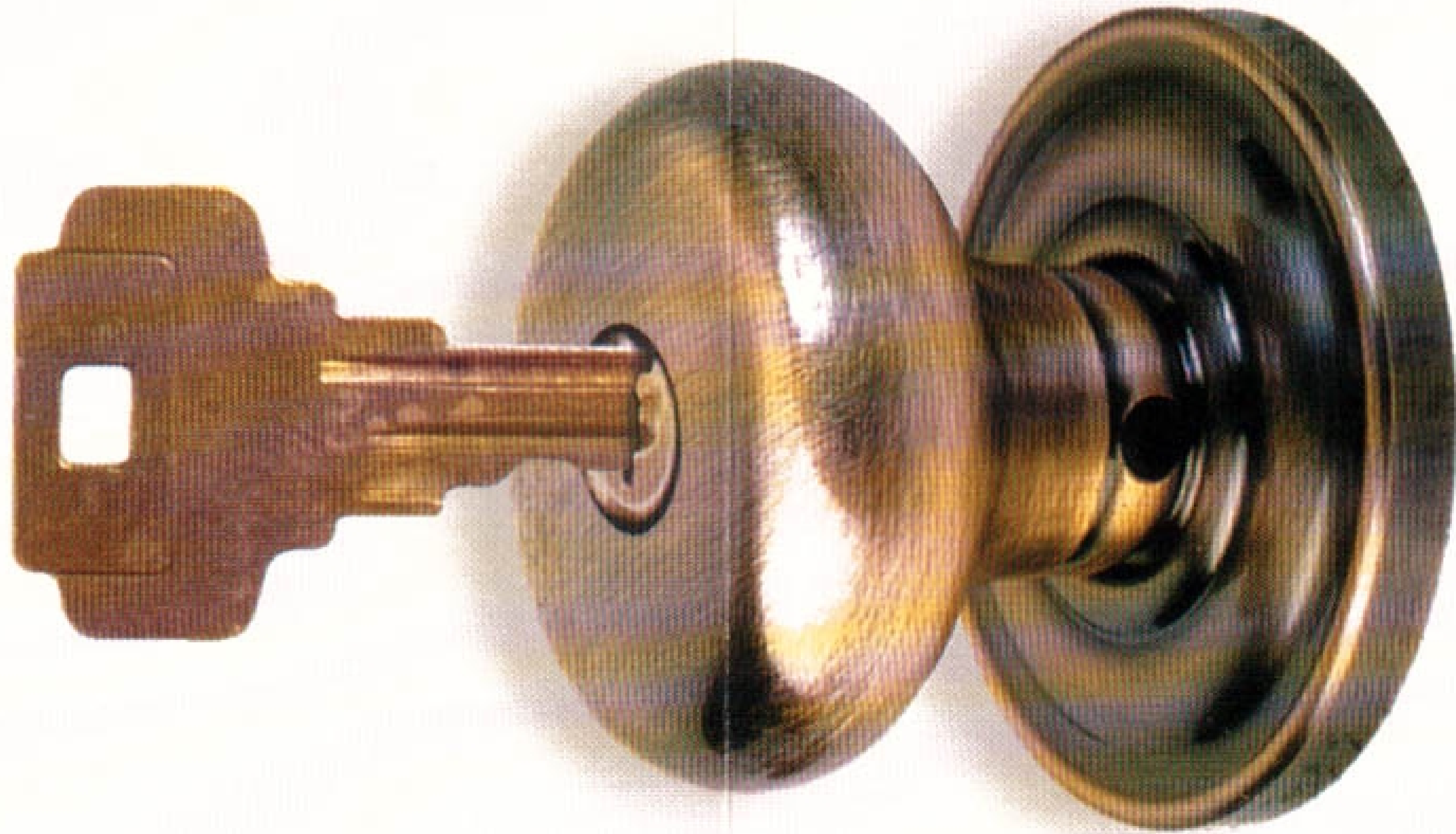
How Do I Get The Coverage I Need?

First, let's take a look at what coverages you may need. Insurance coverages generally fall into two categories. This is true of homeowners, auto and most business policies. Those two categories in business terms are:

Property Coverage—Your business structures and possessions are covered against loss or damage caused by certain covered risks such as fire and theft.

Liability Coverage—This means that if you become legally obligated to pay money to another person for bodily injury or property damage caused by your business, your insurance company will cover those costs (up to the maximum indicated in your policy), including the costs of defending your business in the lawsuit. This liability coverage extends to medical payments for injured parties for which you may be held responsible.

Of course, every business has its own special requirements. There are many specific insurance coverages available to address the needs of your in-home business.



Protecting Yourself

If your in-home business is your full-time occupation, you may need health and life insurance and a retirement plan. In other words, you may need to provide employee benefits to yourself. Some options to consider are:

Life Insurance—The insurance company pays a stated amount of money upon your death to the person(s) named as beneficiary by you.

Disability Insurance—This insurance provides for payments to be made to you if sickness, disease or bodily injury prevents you from being able to work.

Health Plan—There are various plans available that cover doctor visits, hospital services, medical tests and other costs incurred in medical care.

Annuities—These are periodic monetary payments made over a specified term or for your life. You make payments to the insurance company in a lump sum, periodically, or as you arrange with the insurance company. It may be possible to purchase a combination of annuity and life insurance.

Workers Compensation—If you hire employees, you will need to know about this type of insurance. All states require employers to purchase it if they have employees. Workers compensation insurance offers a schedule of benefits, without regard to liability, should an employee become injured as a result of a job-related accident or suffer an illness attributable to a workplace cause. If you own an incorporated business, workers compensation also can cover you in case you are injured.