

In-Home Businesses – Part Two

Many different activities are routinely run out of homes. This discussion reviews aspects of particular operations. See part one for background information on coverage basics as well as the other parts discussing different businesses.

Sales Office

Usually an HO policy does not offer much protection for business property. In fact, available coverage may be up to only \$2,500 for personal property used for business and kept on the residence premises. Further, no coverage applies to business property such as inventory, product samples, or items being held for delivery. Finally, even optional coverage excludes property related to a business conducted on the premises. For example, you are a cosmetic sales rep who also holds make-up parties in your home. For customer convenience, you keep an inventory of cosmetics at home. The HO policy will not cover this property.

If you are a sales person operating out of your home and have limited inventory, some companies will cover you with the Businessowners policy. The Businessowners policy provides broad coverages for buildings, personal property, loss of business income and extra expense incurred to remain in business (after a fire or other covered cause of loss), premises liability and medical payments. If you have more than \$1,000 of goods off premises in transit, you will need to add additional coverage. Goods stored at other locations must be added to the policy.

If you cannot qualify for a Businessowners policy and a home business endorsement or separate policy fails to meet your need, your agent will probably have to build a special commercial package policy to handle your business. Commercial lines agents have both the expertise to design the appropriate coverage and access to the markets that offer policies for your sales business.

You will need workers compensation coverage for any employee, even part timers, and, if you deliver anything or if your vehicle is larger than a car, van or small pickup, you may need commercial automobile insurance. Another reason for buying a commercial auto policy is if any auto is corporately owned.

Professional Offices

Regarding doctors, attorneys, architects or similar occupations, whether your home office is your only office or simply a satellite office, you will need to work with an insurance agent who is familiar with the coverages that are appropriate for professionals.

Businessowners policies are suitable for most professional offices and can cover buildings, personal property, loss of business income, extra expenses incurred to operate the business (after a fire or other covered cause of loss), premises liability and medical payments.

Consult with your agent or your professional association(s) for professional liability and errors and omissions coverage.

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