



Does having a home business affect my insurance?

The short answer is yes, and the best way to know what is covered is to talk to your broker.

More and more people are starting home-based businesses, for everything from marketing homemade products to keeping a home office for a consulting business. From an insurer's perspective this adds new types of risk to your home, and therefore, may require additional insurance.

Residential policies provide limited coverage on business property

Anything you use in running your home-based business is subject to the limits of insurance and/or might not be covered at all. Be aware that:

- Dollar limits apply on business property, computer and software. This limit might be as low as \$2,000 in total, which would not cover even the most basic home office.
- Your policy might completely exclude any special equipment that you keep in your home for business purposes.

- Items that are covered for business use are only covered while in the home. So, for example, if the computer you use for your home-based business is stolen while on a trip, it will not be covered.

Some home businesses may require added liability insurance

The operation of your home-based business might mean that you have more people coming and going, and therefore, more risk associated with the activities in your home. If this is the case, not only will a basic liability limit of one million dollars likely not cover you, some insurers might refuse to cover a third party claim by a customer or employee who is injured in your home. If you think this situation applies to you, be sure to tell your broker about your home business and make sure your insurance company is made aware of your home-based business activities.

Let your broker know

If you participate in a timeshare using your home, or you rent out your cottage, you should consult your broker. These activities represent an increase in liability and risk to the property and will more than likely require additional coverage.

