



More and more people are starting home-based businesses, for everything from marketing home-made 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 to carry on your home-based business is subject to the limits of insurance as well as your other possessions and some things might not be covered at all.

- Dollar limits apply on business property, computer and software. This limit might be as low as \$2000 in total, which would not cover even the most basic home office.
- Limits on what is covered 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.

### **Consider augmenting your policy to give you more security**

If you have high value or business items that exceed the limits in your policy and you want to have them separately insured, you will likely have to have the items valued by a professional appraiser so that

the insurer knows what level of coverage to set. Depending on the type of property and how much information you can provide, an estimate of value can be determined. There is a fee for this service.

### **Let your broker know**

If you participate in a timeshare using your home, or you rent out your cottage, you must tell your broker. These activities represent an increase in liability and risk to the property and may require additional insurance.

