



Contact: Cassandra Anderson
(518) 432-4227 or (518) 312-3315

FOR IMMEDIATE RELEASE

HOME BASED BUSINESSES MAY REQUIRE MORE INSURANCE THAN PROVIDED BY HOMEOWNERS POLICIES

ALBANY, N.Y., March 9, 2009—Downsizing, a need to supplement income, developments in telecommunications and family demands have moved many New Yorkers out of the traditional office space and into the home. According to the U.S. Bureau of Labor Statistics, some 340,000 residents in New York State operate a business from their home.

Running a home business means more freedom like flexible hours. However, it also means more responsibilities for business owners. Having the right type and amount of insurance coverage is one of those responsibilities.

"A common misconception is that homeowners insurance covers a home-based business," says Ellen Melchionni president of the New York Insurance Association (NYIA). "A typical homeowners policy provides only \$2,500 coverage for business equipment which is usually not enough to cover all of the business property," she says. "Also, the liability coverage provided by a homeowners policy does not extend to the business."

In-home business owners have three options to insure their enterprise—endorsements to the homeowners policy, an in-home business policy or a small businessowners package policy (also known as a BOP).

ENDORSEMENTS

Depending on the type of business you operate, you may be able to add an endorsement to your existing homeowners policy. For as little as \$14 a year, you can double your standard homeowners policy limits for business equipment from \$2,500 to \$5,000.

Some companies are now offering endorsements that include property and limited business liability coverage. Check with your insurance agent or broker.

IN-HOME BUSINESS POLICY

The insurance industry has responded to the growing number of home-based businesses by creating in-home business insurance policies. An in-home business policy provides more comprehensive coverage for business equipment and broader liability insurance for higher amounts of coverage than a homeowners policy endorsement. These policies, which may also be called in-home business endorsements, vary significantly depending on the insurer. In general, for about \$200 per year you can insure your business property for \$10,000.

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General liability coverage is also included in the policy. A business owner can purchase anywhere from \$300,000 to \$1 million worth of liability coverage. The cost of the liability coverage will depend on the amount purchased. Some policies provide protection against lawsuits for injuries caused by the products or services you offer, so check with your insurer.

If your business is unable to operate because of damage to your house, the policy will cover lost income and ongoing expenses such as payroll for up to one year. The policy also provides limited coverage for loss of valuable papers and records, accounts receivable, off-site business property and use of equipment.

In-home business policies are available from homeowners insurance companies and from specialty insurers that sell stand-alone in-home business policies. In general, you don't have to purchase your homeowners insurance from specialty insurers. Some homeowners companies require that you purchase your homeowners and auto policies from them.

BUSINESSOWNERS PACKAGE POLICY (BOP)

Created specifically for small businesses, this policy is excellent for a home-based business that operates in more than one location or manufactures products outside the workplace. A BOP, like the in-home business policy, covers business property and equipment, loss of income and extra expenses, and liability but at a much broader scale than the in-home business policy.

In order to get insurance coverage that will not overlap with a homeowners policy or leave any exposures, home business owners should consult with an insurance professional with experience in this line of business. To find an expert, contact your home insurer, other professionals with similar businesses or other home business owners.

An in-home business owner should also consult an insurance professional about automobile coverage for the business as well as workers compensation and health insurance.

"Making a go of a business takes a lot of hard work," says Melchionni. "An experienced insurance professional can help make the right choices to protect that business."

The New York Insurance Association (NYIA®) is a state trade association that has represented the property and casualty insurance industry for over 125 years. For more information on NYIA, visit www.nyia.org.