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Home-Based Business

Whether you're doing medical billing, building birdhouses in your garage, running a day care center, auctioning art on eBay or any one of the myriad of other types of businesses people run from their homes, you may not have adequate insurance.

Many people think their homeowners policy is all they need. But a typical homeowners policy may not provide enough coverage. The usual limit is \$2,500 for your business equipment while at home and \$250 when it's off the premises.

Most homeowners policies specifically exclude business liabilities. Even though your at-home business may involve only yourself working just part time, you could still have liability risk. For example, someone may come to your home for a business purpose—such as delivering materials—and sustain an injury on your premises for which they believe you are responsible. Your homeowners policy would probably not cover the damages.

HOW TO ADD MORE COVERAGE

There are three ways to provide more property and liability insurance for your in-home business. The right

choice will depend on the nature of your business, its annual receipts and the amount of coverage you need. They are:

- Endorsement to Your Homeowners Policy
- In-Home Business Insurance Policy
- Businessowners Policy (BOP)

Endorsement to Your Homeowners Policy

Your homeowners insurer may offer an endorsement to your homeowners policy that adds additional property coverage and some limited liability coverage. For less than \$20 a year, you may be able to double your standard policy limits for business equipment from \$2,500 to \$5,000. This option is usually limited to businesses that have less than a set amount of annual receipts, usually around \$5,000.

In-Home Business Insurance Policy

Some insurers offer specific in-home business insurance policies with some of the same features as larger commercial policies but with lower policy limits and at a lower premium. With this coverage, generally at a price of less than \$300 a year, you can insure your business property for \$10,000. The policy includes general liability coverage with the limit you choose, between \$300,000 and \$1 million.

Home-Based Business (cont.)

Should you have to shut down your business because of damage to your house, the in-home policy will cover the income the business loses and ongoing expenses, such as payroll, for up to one year. The policy also provides limited coverage for loss of valuable documents, accounts receivable, offsite business property and use of equipment.

Businessowners Policy (BOP)

Many insurers offer small businessowners policies combining a wide variety of coverages in a single policy. You may want to talk to your insurance agent about whether the broader property and liability coverages you would get with a Businessowners Policy (BOP) are recommended for your business.

BUSINESS VEHICLE INSURANCE

Your personal auto policy probably provides coverage for some business use of your vehicle. A personal auto policy is unlikely to provide coverage, however, if the vehicle in question is used primarily in business. It will not provide coverage for any vehicle

owned by a business.

Should you be driving your auto for a business purpose and get into an accident for which you are liable, an injured person could sue you personally. Will your personal auto policy have enough coverage to pay all the damages? If not, a lawsuit may be filed against your business. You may want to discuss whether you need a business auto

WORKERS COMPENSATION INSURANCE

States have varying rules about when an employer must provide workers compensation insurance. If you have three or more employees, you should check with your state department of workers compensation to see if you are required to provide workers comp insurance.

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At the Scene of an Accident

Knowing what to do if you are involved in an accident can save lives and also make the claims process easier.

1. Stop your car and find out if anyone is injured.
2. Call the police or highway patrol. Tell them how many people were hurt and the types of injuries. The police will notify the nearest medical unit.
3. Cover injured people with a blanket to keep them warm.
4. Try to protect the accident scene. Take reasonable steps to protect your car from further damage, such as setting up flares, getting the car off the road and calling a tow truck.
5. Ask the investigating officer where you can obtain a copy of the police report. You will probably need it when you submit your claim to your insurance company.
6. If necessary, have the car towed to a repair shop. But remember, your

insurance company probably will want to have an adjuster inspect it and appraise the damage before you order repair work done.

7. Make notes. Keep a pad and pencil in your glove compartment. Write down:
 - the names and addresses of all drivers and passengers involved in the accident
 - license plate numbers
 - the make and model of each car
 - driver's license numbers
 - insurance identifications
 - the names and addresses of witnesses
8. the names and badge numbers of police officers or other emergency personnel.
9. If you run into an unattended vehicle or object, try to find the owner. If you can't, leave a note containing your name, address and phone number. Record the details of the accident.

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