

CAPITAL INSURANCE AGENCY OF WISCONSIN

What If I Run an In-Home Business?

Homeowner policies aren't designed to insure in-home businesses. Homeowner premiums assume that the insurance protection is for a residence and related structures. Therefore, no liability coverage is available for loss related to business activity such as:

- customers who slip and fall on your premises
- damage to business property you own or that is in your care or custody
- injury caused by things you make (products liability)
- damage due to services you promote or provide (professional liability)
- Nearly as important, your insurer is also unlikely to defend you against claims involving a business.

What About Coverages for My Employees Or "Other Structures"?

Generally, a standard homeowner's policy does not provide workers compensation coverage for any employee. Medical expense and liability coverage may be available for workers who are ineligible for worker's compensation, such as maids, butlers, or nannies. However, the coverage only applies while the employee is performing residential tasks.

Example: You send your nanny to make copies of your business proposal and, on the way to the copy center, she is seriously injured in a fall. Your policy won't provide any medical expense coverage for your nanny because she was performing a business-related chore.

There is no coverage for detached garages, barn, or similar structures on your residence premises if they are used in whole or part for business.

Example: You store \$3,000 worth of equipment and supplies that you use in your job in your garage and the garage burns down. The fire loss to the garage becomes ineligible because of its partial business use.

What Is Covered by a Homeowners Policy?

A basic homeowner policy may provide very modest coverage for selected activities. However, the coverage may be limited to as little as a few hundred dollars. Items that may be covered includes business personal property kept in or around your home, business personal property kept at a location other than in or around your home or landlord's furnishings (property in a part of your home that you rent out to the public). One method for improving your coverage is to add options to your policy to do the following:

- increase the coverage limits for business personal property
- cover garages and other buildings that are rented to others
- protect electronic business equipment which is usually used in a vehicle while such
- equipment is located outside of a vehicle
- provide theft coverage for landlord's property
- acquire limited business personal property and liability coverage for an in-home daycare
- cover a condo unit owners' liability for damage caused by renters
- provide premises liability coverage (i.e. slips and falls by customers)