



Business-Related Premises Liability Hits Home

In these difficult economic times, many companies have downsized and cut back on adding additional personnel. Many individuals are hesitant about getting back into the corporate world. For some, that means either taking the plunge and starting their own business or supplementing their current job with a part time business. In most cases, these new businesses are run from their home.

Currently, four out of 10 Americans run some sort of business from their home and that number is growing rapidly. Even business owners who don't exclusively work from home do so on occasion.

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What if someone were to get hurt on your premise for a business-related activity? What if a product you sell causes injury or property damage? What if you were sued for libel or slander by a competitor? Would you have liability coverage? Most people believe that their current homeowner's policy will protect them if they are working from home. However, when running a home-based business, you need to be very careful.

One of the biggest gaps in coverage for business owners working from home is liability coverage for business-related injuries on your home's premises. Neither the standard homeowner's policy nor a typical personal umbrella policy will pay for this type of a loss. Most homeowner's policies have specific exclusions for business-related activities.

The basic homeowners form states the following exclusion. Personal liability and medical payment to others do not apply to "bodily injury" or "property damage" arising out of or in connection with a "business" engaged in by an "insured." This exclusion applies but is not limited to an act or omission, regardless of its nature or circumstance involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business."

Business-related injuries range from the obvious (someone entertaining retail traffic for a product showcase in their home) to the no-so-obvious (a customer or delivery person stopping by to drop off materials for a project).

The bottom line is this, if you are performing business services at your residence, your homeowner's policy will most likely exclude a liability claim.

There are two common methods of insuring business-related premises liability: Add a special endorsement to the homeowner's policy or purchase a separate small business policy. Many insurance companies now offer a business liability program specifically for home-based businesses. These policies are usually very inexpensive in comparison to the amount of liability protection you receive.

A small business policy will extend liability coverage for these and other business-related liability losses not covered under a homeowners or personal umbrella policy. Both can extend liability coverage for your business, but determining which one works best for your situation depends on many factors.

If you have a home-based business, review your policies today and speak with an agent today to determine your specific needs and exposures.

Give me a call today at (309) 662-2100 for a free review of your business coverage.