

First Steps for Insuring Your Home-based Business

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Let's face it. Launching and running a business takes capital, motivation and yes, even physical stamina to handle the stress and demands of a new or growing venture. And it's risky. In fact, one out of every five businesses fails within the first five years of opening.

Handling inventory, scheduling time, purchasing supplies, handling payroll -- there are a myriad of procedures every home or small business entrepreneur needs to know, but one of the most critical and often neglected is buying proper insurance coverage.

Taking a Business Inventory

What would happen if a fire or other disaster destroyed your property, making it impossible for you to get back to business right away? Would you remember what property had been destroyed? One way is by taking a complete inventory of all your personal business property, determining its value, and deciding what's worth insuring. Having an up-to-date business inventory will help you get your insurance claim settled faster, verify losses for your business' income tax return and help you purchase the correct amount of insurance.

Start by making a list of personal business property, describing each item and noting where you bought it and its make and model. Clip to your list any sales receipts, purchase contracts, and appraisals you have.

What Is the Right Coverage for You?

Then there's the question of what types of coverages you'll need. Aside from personal business property, there is liability insurance, business income, insurance for the building, boiler and machinery, human failure, employee protection and management protection, among others. The type of coverage you need depends on a number of factors including what kind of business you operate.

How to Keep Costs Down

Start your search for a policy with trade associations or business groups. In many cases, these organizations

are able to provide reduced insurance rates based on the volume of business they can offer the insurance company. They've also negotiated coverage specific to your type of business, which can save you significant time in determining what you should cover. Also make sure that you are working with an agent that understands your type of business.

Additional Resources

- [The Institute for Business & Home Safety](#)
- [Small Business Administration](#)

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