



HOFFMAN BROWN COMPANY

INSURANCE

5000 Van Nuys Blvd. 6th Floor
Sherman Oaks, California 91403
(818) 986-8200 FAX (818) 986-8510
www.hoffmanbrown.com

SAFETY NOTES



If you operate a home-based business, either part-time or full-time, you may be uninsured for coverage and not even realize it. **Many home-based business owners mistakenly believe their homeowner's policy will provide coverage for their business operations.** While your homeowner's policy may provide a limited amount of coverage for business-related personal property in the home, it may not provide full coverage for the added property and liability exposures the home business represents.

Identifying Risks: Identifying exposures is a vital first step to risk management. Until you know the scope of all possible losses, you won't be able to develop a realistic, cost-effective strategy for dealing with them. There are several areas of risk you should consider if you operate a business in your home. If your business is unique or you have others working for you, you may have exposures to losses that are not listed below:

- ✓ Business-related personal property coverage (computers, furniture, inventory etc...)
- ✓ Off-premises coverage for business-related personal property
- ✓ Business property of others
- ✓ Professional Liability
- ✓ Valuable papers



✓ Medical insurance

- ✓ Property in transit
- ✓ General liability coverage including personal injury, products and completed operations, incidental contractual liability, and general commercial liability
- ✓ Workers Compensation
- ✓ Hired and non-owned auto liability
- ✓ Business interruption and extra expense



Minimizing Risks: Now that you have identified potential risks the next step is to come up with methods to manage your risks. Putting procedures in place to minimize risk can help reduce the chance of a loss while insurance helps mitigate the expense of the unexpected loss. Taking some time now to observe the way you do business can mean the difference between the success and failure of your home-based business. Here are a few examples of loss control procedures to consider:

Use "just in time" delivery: Requiring vendors to warehouse merchandise and materials until you need them reduces your risk of loss dramatically because goods arrive on site at the time they are required, not before. Make sure to verify who is responsible for property coverage on merchandise and materials both before and after it is in your possession.

Invest in safety: Alarms, locks, surveillance devices, inventory control systems, and having a disaster recovery plan in place all pay off in reduced losses.

Limit non-business use of company vehicles: Establish and enforce rules covering private use and use by non-employees (including employees' families).

Separate exposed assets from one another: If everything is under one roof, an accident can close things down entirely. Consider keeping valuable papers or unused inventory in an off-site storage facility.

Decline risky business: Let your competitors take the chances on potentially dangerous projects or ventures.

Helpful Tip: Business Owners Policy

Small business owners may want to consider a business owners package insurance policy, or what is known in the industry as a BOP. This policy combines coverage for property and liability and is designed to offer a simple, off-the-shelf product to small and medium sized business owners. A BOP may be an excellent solution for home-based businesses that operate in more than one location or manufacture products outside the workplace.



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