



Home is where the risk is

There's never been a better time to work from home - but beware, says Ian Jones, in case your insurance cover isn't all it should be...

Working from home can be very satisfying, not to say rewarding - but it does have its pitfalls. One of them is insurance. We all know that it's important to have insurance and we all - or most of us - insure our homes and their contents. So if you've done that and you work from home, everything's fine isn't it?

No, says Ian Jones, Head of Operations at Icon Insurance. "In fact, it can be quite a problem," he says. "If you're running a business from home, or freelancing with home as your base, you simply can't assume that your normal household insurance will meet your business needs - because the chances are it almost certainly won't."

Jones explains that because of the way most insurance companies operate, even so-called 'home with business cover policies' will leave you exposed in a number of key areas. Any office-based business faces a number of potential risks, almost all of which can be taken care of - as long as your insurance policies are the right ones.

Check your covers

Your first step in making sure that your home business is properly protected is to review your existing arrangements. Whatever insurance cover you have got, check it thoroughly to see if it matches what you actually require. You need to go into this in some detail - some of what you're looking for may be tucked away in small print. The first obvious area to look at is business equipment. Even today, some insurance companies still treat portable stuff like laptops and mobile phones with great suspicion and won't cover them at all - never mind that for most of us they're now essential everyday business tools! And if they do cover them, they'll sometimes exclude cover for Accidental Damage - which just happens to be the most common claim for this type of equipment.

The things that are least likely to be covered by your existing household policy are often the things that could end up costing you most if there's a problem. Take Business Interruption for example. A standard household policy will pay for the costs of temporarily re-housing you if something awful like a fire or flood devastates your home. But what about your business? Can you really operate from a hotel room or temporary rented accommodation that you're sharing with the family? If you can't, who's going to pay for suitable business accommodation and all its related costs like heat, light, rates and so on? Unless you've got specific Business Interruption cover, you are.

And what if someone gets hurt or becomes ill in connection with your work, and then sues you? Unlikely you may think - but in our increasingly litigious society with its "blame culture" this is happening more and more often.

What you need, no matter how small your business, is Liability insurance. Designed to cover the cost of compensation awarded to people who become ill or injured in connection with your business, Liability is a business insurance fundamental. There are different kinds of Liability to consider . Public Liability protects you against the cost of being sued by a member of the public injured in connection with your business. Public Liability cover is sometimes available in limited form under household policies - but it's usually restricted to members of the public who visit you at your home. Which is fine as far as it goes - but it means for example that you're not covered if you visit clients at their premises or if someone calls on you at home specifically in connection with work and there's an accident. Something as commonplace as a slip on the stairs could end up as a costly award for compensation - and without Public Liability cover, that's a cost that comes straight out of your pocket.

The other important Liability cover to be aware of is Employer's Liability. What if your business really takes off and you need to take on some help? The minute you hire someone, even if it's a part-time, cash in hand envelope stuffer or similar, the law says you must have Employer's Liability cover - without it you're both breaking the law and exposed to being sued by an employee if they're injured at work. Sure enough the law has recently been relaxed a little for small businesses - but only if the employees concerned are family members and/or significant shareholders in your company (if you're trading as limited company). The golden rule here is "if in doubt - ask"; just clearly explain your circumstances to your broker or insurance company and they'll tell you if need Employer's Liability or not.

See you in court...

Any business that offers advice of any sort to its clients ought to think seriously about Professional Indemnity cover - which means that if you're sued for having made a mistake, you're covered for the costs both of defending the case and any award made against you. With the UK courts increasingly full of cases of businesses being sued by various parties, this is protection well worth having. There's no point in standing on principle and ensuring that you don't make mistakes. Because what many people aren't aware of is that no matter how "right" you might be in such cases - and even if this is proven in court - the cost of defending any claim, no matter how ludicrous, can run into thousands. And even if you're right and even if you win, there's no guarantee that you'll be awarded your own costs. With a Professional Indemnity policy in place, it's taken care of - without a PI policy, you pay.

The problem with PI has been that the policies most generally available are designed for big business, with multi-million pound levels of cover - and premiums to match. For the smaller business, it's unaffordable overkill. "I'm not worried about being sued for £2 million," one independent businessman told us. "I'd just pack up and go and live somewhere warm. But it's the thought that I could be sued for say £30,000 that keeps me awake at night." The answer is to seek out the smaller, more flexible insurer that recognises that the small business customer wants lower levels of PI cover and lower premiums.

Even if you don't need Professional Indemnity, it's worthwhile considering Legal Expenses cover. This will not only pay the cost of going to court in connection with your business, in many cases it will also pick up the tab for accountancy fees incurred by tax or VAT investigations. For the home-based business, this can be really important - both tax and VAT inspections are being stepped up, and their cost and disruption could stop you in your tracks. Check to see that a Legal Helpline is

available - this is usually free and can be invaluable, especially when it comes to employment matters.

Seek out the right advice

If you haven't got the right insurance protection, your business can be vulnerable. The trouble is, small businesses and the self-employed are by and large not well served by the insurance industry. Household-name insurers are increasingly geared to mass markets or to large corporate clients, with 'one size fits all' policies handled by call-centres. The small business customer is caught between the two - standard business insurance policies are largely unsuitable and expensive for this sector, whilst the attention and advice needed by small customers makes them time-consuming and unprofitable for big insurers. Getting reliable advice from experienced, qualified professionals is the key to selecting the insurance that's right for you, whether through an independent broker or directly from an insurer who can offer flexible, affordable policies.

If that all sounds like hard work, remember that it's well worthwhile. On the upside, it makes sound business sense to keep your work-related covers separate from any other arrangements - it will make claiming easier should you have to, and as business insurance premiums are tax-deductible, having stand-alone business policies make it easier to account and claim for them.

With the proper protection in place, you can concentrate on steering your business into the future, rather than worrying about the risks.

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