



# Insurance for home-based businesses

If you work from home, household insurance may not be enough to cover your business. Here's what to think about to ensure you're protected.

## Home insurance

Home insurance is offered by a provider on the assumption that the property is solely residential. If you run your business from home, start by informing your insurance provider or broker.

Some insurers will agree to insure a home when it's partly used for running a business, but it depends on the level of risk for things like:

- the type of business (are you manufacturing goods, selling products, or just running an office)
- if customers come to the home (and if so, how many/how frequently)
- the kind of materials you have on the premises that might present an increased fire or burglary risk (eg flammable substances, highly desirable items)
- the kind of signage or advertising you have that might indicate the property could be targeted by theft
- the kind of security and/or fire protection you have to manage your risk.

## **Natural disaster coverage**

EQCover is the New Zealand government's natural disaster insurance product for residential buildings, land and contents. If you have a private home or contents insurance policy, that includes fire insurance, you automatically have EQCover. If you run a business from home, this may affect your EQCover.

The proportion of your home that's used for running a business is important. If more than 50% of the floor area is used for your business, then the commercial component of the building won't be eligible for EQCover. Most home policies won't cover natural disaster damage if EQCover isn't available. If this applies to you, it's best to discuss your cover with your insurer or broker.

Also, if you operate your business from a standalone building on the same property as your home (eg a detached shed in your backyard), the structure won't be eligible for EQCover (even though other residential buildings will be).

Ask your insurance advisor if you're uncertain about EQCover and your workspace. They can help you weigh up your options and arrange alternative coverage where needed.

## **Recent EQC changes**

Changes to EQCover took effect from 1 July 2019. These include:

- removal of EQCover for household contents
- an increase in the cap on EQC residential building cover from \$100,000 to \$150,000 (+GST).

Find out more about the changes [Law changes: Earthquake cover for homeowners](#)

Be honest and upfront with your insurance advisor.

Withholding important or legal information may lead to a rejected claim. Or your insurance may be cancelled from the start date of your policy.

If things change in your business, you'll want to update your insurer of your changing risks, so you can maintain the right kind of coverage.

## Contents insurance

Contents insurance policies are designed to protect your personal belongings and some liabilities. They also tend to exclude items used for earning income. But some policies might cover contents used for both business and personal purposes.

If you have a contents policy, it may include additional cover for items that are exclusively used for business purposes. Ask your insurance advisor about the following benefits if you think they apply to your business.

**Home office benefits:** Designed for people who run an office from home, eg a sole trader who operates out of a van but needs somewhere to do paperwork in the evenings. These benefits will ordinarily cover items inside the home and to a lesser value outside the home. Items may include:

desks / bookcases / computers / printers / mobile phones.

**Tools of trade benefits:** Designed for apprentices or employees who own their own tools but don't have high-value things worth taking out separate cover for. These benefits usually only cover low-value items, eg less than \$1,000. Anything higher than this would need a separate business assets policy.

## How to get started

Insurance coverage should be unique to your business. Start by talking to your insurance provider to ensure your business space is fully covered.

You might consider talking to an insurance broker or advisor. They can look at your business as a whole, make recommendations about various types of coverage, and present you with different provider options.

## **Additional insurance considerations**

There is a wide range of insurance available for your business depending on your situation. Some options include:

- asset insurance (beyond what your home and contents policy may cover)
- business interruption insurance
- commercial motor vehicle insurance
- liability insurance.

[Getting insurance advice](#)

## Liability insurance

There are several types of liability insurance that are useful, especially if you do work for other organisations.

All businesses and self-employed people should have the most basic liability insurance – general liability cover. General liability insurance can protect you if you cause harm to a third party or their property. If you're a contractor, liability insurance might be one of the terms and conditions in your contract.

Professional indemnity insurance can protect you if something goes wrong as a result of advice, services or designs provided to a client. Statutory liability insurance can protect you and your business from insurable fines, penalties and reparations for any unintentional breaches of most New Zealand laws.

The Insurance Council of New Zealand has a free guide available that explains the various types of insurance you might want to look into for your business. An insurance agent or broker can also discuss your specific situation in detail and recommend the appropriate cover.

[Your first guide to business insurance](#)

## Healthy and safety (H&S) at home

It's your responsibility to look after your own H&S. If you run a business which has staff working from home – either your home or their own – you're responsible for talking through and developing policies with them on how they'll manage their health and safety when working at home.

[To learn more about H&S considerations for home-based businesses, check out this article.](#)

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