

Five things you should know about business insurance.

Let's face it, insurance isn't sexy and frankly, it's one of those boring things that just takes up time when you're running a business, especially those SME's that run from home. According to an insurantz.com survey, almost half of home businesses are uninsured – mainly because owners believe their home insurance will cover them. Whilst businesses are only obliged to take out insurance cover in a few areas – for example, employers' liability is a legal requirement for all employers – taking out other business insurance cover just makes good sense!

Ok, so now you're thinking about insurance for your business. But where to get it? What cover is good for you? Here are a few things you should know about business insurance.

1. If you employ anybody, you **MUST** have employer's liability insurance in place. Whilst you no longer need to display the certificate on a wall, it must be in a place that is easily accessible to your employees – for example on a shared computer server that all can view. It's illegal to trade in the UK without it if you have employees.
2. Make sure you tell your insurer everything – and in particular the specific nature of your business and the type of work you undertake. For example, if you run a Take-away and don't disclose that you cook with a deep-fat fryer, in the event of a fire it's unlikely that you'll be covered. Similarly if you run a roofing company and your employees work above a certain height, insurers will need to know as there is an additional risk. Made any changes to your business, like adding a cash-machine to your newsagents? You need to tell your insurer. Although it's likely you'll have to pay an additional premium, it's better than having your policy invalidated for non-disclosure of '*material facts*' in the event of a claim!
3. Running a business from home? Keeping stock in the shed? Your home insurance probably isn't covering you. Some home insurance policies will allow 'clerical' work from home, but certainly won't cover anything else. So if you've got a stack of the latest widgets for sale on the internet and they get stolen, you've lost them for good. What's more, if you have an unrelated claim – say a leak from your bathroom – and the insurers' loss adjuster discovers you're running a business from home undeclared, it's highly likely your **WHOLE** home insurance policy will be invalid and no claim being paid out – potentially costing you thousands of pounds. Is it worth risking both your home and your business?
4. Think your premium is too high? Insurers base premiums on your location, the type of business and amount of cover (amongst other factors) – basically they judge the 'risk' your insurance proposal gives them. A firework factory is going to cost them more to settle a claim on than a tea shop! There are a few simple ways to reduce your premium – get an alarm fitted and make sure your door locks meet the insurers standards (often a 5-lever mortice deadlock). Make sure you know how much your stock is really worth – don't over or under-estimate it, as you'll either pay too much or be under-insured. Being under-insured might not sound like a problem, but it can be. In the event of a claim, you'll only be paid a percentage of the claim value! If you own the building, make sure you know what the rebuild value is. You can often find this on original surveys or through an online re-build checker. And finally, ask for a better price. There's never any harm in seeing if an insurer can adjust their quote to get your business!
5. Whether you buy your insurance through a broker or directly with an insurer, and with advice or without, ultimately it is **YOUR** insurance and your responsibility. You need to make sure the insurance you have bought gives the cover you need, as only you know your business. Always check through the insurance certificate which shows you the value of the cover you have, and read the policy wording. It might be the dullest bed-time reading you've ever done, but it's important and you'll pick up on the things that aren't covered, or additional endorsements that you should be aware of.

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