

# Insurance essentials for entrepreneurs

By [Bertus Visser](#)

20 Nov 2019

In a tough economy, it can be tempting to try to make extra money - or save money - wherever we can. Thinking about paying the bills could mean thinking about getting a second income stream or starting a new venture from home.



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Here are some practical tips for entrepreneurs, particularly those who work from home. Depending on the nature of your new business venture, short-term insurance may need to be reviewed for enough protection to be in place.

## Short-term insurance is key for any new venture

Becoming an entrepreneur is a bold step, and not only valuable but often necessary in a country like South Africa. Those who are successful or who create employment opportunities for others can contribute meaningfully to the economy.

While there are many aspects to consider, from how you will run your business to the associated tax implications, your short-term insurance cover should be a main consideration too.

Failing to have enough of a safety net from your insurance could mean failing to keep your business going if times get tougher. While smaller businesses may forego short-term insurance to try to cut costs, not having the right cover in place can be the costliest business decision of all.

Whether being an entrepreneur means running a side venture around another job or completely transforming your home into a business, it's important to touch base with your adviser and to make sure your short-term insurance supports your plans too.

## **Keep it a happy home**

To kickstart a venture or save ongoing costs, many new or part-time businesses start (and often remain) at home. Many personal lines short-term insurance policies provide a limited amount of cover for small businesses.

An example might be offering sewing services, or pursuing an avenue not intended to be a fully-fledged business. However, you will need to disclose your dealings to make sure you're appropriately insured. Depending on your specific line of work, you may need to have more than a standard policy in place.

Remember that your insurer needs to know what is happening in the home you are insuring for it to be covered sufficiently. A home office used occasionally isn't the same as having staff working from your home, or using your property to print many items or prepare meals for delivery. The risks involved (for example, fire) may mean an increased premium – but a fire without cover can mean the end of owning a home, let alone having a venue to work from. Equally as important is ensuring that the value of your home and its contents is correctly reflected in your insurance policy.

## **Make sure your insurance meets all your needs**

If you are running a fully operational business from home, beyond needing to be zoned legally for business with the necessary permissions in place, you will need business insurance to match. Third-party liability cover is essential (even if it is just you and an assistant sitting in your living room three days a week) and your policy should include any office equipment you purchase. You will also need to ensure that all staff you employ have their own contents insurance for items they may bring with them to work.

Running your business from office premises has its own insurance considerations, which will depend on your vocation and whether you rent or own the space. An adviser can help you determine exactly what cover you need for what you do, and where you do it.

## **Drive to success**

If you use your car for business purposes, it must be insured accordingly. Business vehicles come with enhanced insurance considerations, so note this if vehicles are a part of your work. (Insurers will determine what the car is most used for, depending on the information you provide.) This applies if you are using your car as a transport service, delivery service or as a means to attend to clients. If any staff members occasionally use your car, also make sure it's comprehensively covered.

## **Get specific**

Specifying electronics can be costly, but when your business is mostly dependent on you and your laptop being together, it is your best option. Imagine if your computer was damaged or stolen but you had no funds to replace it? Whether you work from home or frequent coffee shops in working hours, your transportable electronics are likely best insured under the All Risk section of your policy, as you'll be moving around with them.

## **Afford yourself some peace of mind**

Working for yourself should place a regular check-in with your short-term insurance adviser on your essential checklist. Just because you're smaller than others doesn't mean your business is risk-free. In fact, there may be more risks than those that are immediately obvious – and the risk of having less cover than you need is usually the biggest risk of all.

## **ABOUT THE AUTHOR**

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