

# Personal Lines



222 S. Market Street, Suite 101  
Elizabethtown, PA 17022  
(717) 367-5134  
Fax: (717) 367-9244  
[www.olweiler.com](http://www.olweiler.com)



Risk Management

Spring • 2010

Volume 6 • Number 1

## Insuring a Home-Based Business

About 46 percent of self-employed workers conduct their business from home, according to the U.S. Bureau of Labor Statistics. If you have a home-based business, you have special insurance needs.



**T**he broader availability of wideband or wireless Internet access and faster, cheaper computers have made working at home an increasingly viable possibility for millions of entrepreneurs. And unlike many home-based businesses of the past, which tended to be small, part-time operations, some of today's home-based businesses are thriving, multi-million dollar operations.

So, if you are considering going out on your own, check your insurance coverage before beginning a home-based venture. Your homeowners policy probably does not cover losses to computers and other business-related equipment or records, nor will it pay for lost income and "extra expenses," as a business property policy can.

Relying on your homeowners insurance can leave you with big gaps in your liability cover-

age, too. Most homeowners policies exclude liability coverage for "business pursuits."

### Your Insurance Options

**Adding an endorsement to your homeowners policy:** The endorsement HO 04 42, "permitted incidental occupancies," extends your policy to include certain types of businesses. It also increases the limit on furnishings, supplies and equipment from \$2,500 to whatever your policy's Coverage C limit is. However, it won't cover liability claims that occur outside the home. Insurers also offer other endorsements, including coverages for those who run home day care centers and for businesses that gross less than \$5,000 per year. If you are a salesperson, professional or skilled tradesman, your business might require insurance beyond what's available in a homeowners policy.

**Buying separate business policies for all your business insurance needs:** You can also

## This Just In

You see your home as a safe environment, but you expose your family to the risk of lawsuits the moment a domestic worker walks through the door. Do you have the insurance coverage you need?

The standard homeowners policy does not cover employment-related claims brought by your domestic help. Employment practices liability insurance (EPLI), originally developed for the workplace, can now cover homeowners from employment practices lawsuits brought by employees. If you have a nanny, maid, driver, yard worker, caretaker, private nurse or other household employee, you need EPLI.

You can minimize your exposure by conducting a thorough background investigation before hiring, having job descriptions and personnel files for all household help, and communicating your expectations clearly. EPLI can protect you from the lawsuits you can't prevent, including claims of harassment, discrimination and wrongful termination.

Many insurers now offer policies specifically for homeowners. Coverage varies by insurer, but many provide \$250,000 or more to cover legal settlements, plus full coverage of legal costs. Some policies designed specifically for high net worth individuals even cover the cost of public relations counsel to repair reputations damaged by allegations of harassment or discrimination. For information, please contact us.



# Insuring Your Boat

What's the difference between a boat and a yacht\*? If you know the answer, you probably need more coverage than just the standard homeowners policy can provide.

**B**oating is a great family activity, but it does involve risks: in 2008 (the last year for which complete data were available at press time), the Coast Guard counted 4,789 accidents that involved 709 deaths, 3,331 injuries and approximately \$54 million dollars of damage to property as a result of recreational boating accidents.

If you own or regularly operate a boat for recreational purposes, you might need more coverage than your homeowners policy provides.

The standard homeowners policy limits coverage for property damage to small boats only—such as canoes, small sailboats or power boats with less than 25 miles per hour horsepower. Further, the standard homeowners insurance policy excludes coverage for any liability you may incur arising from “ownership, maintenance, use, loading or

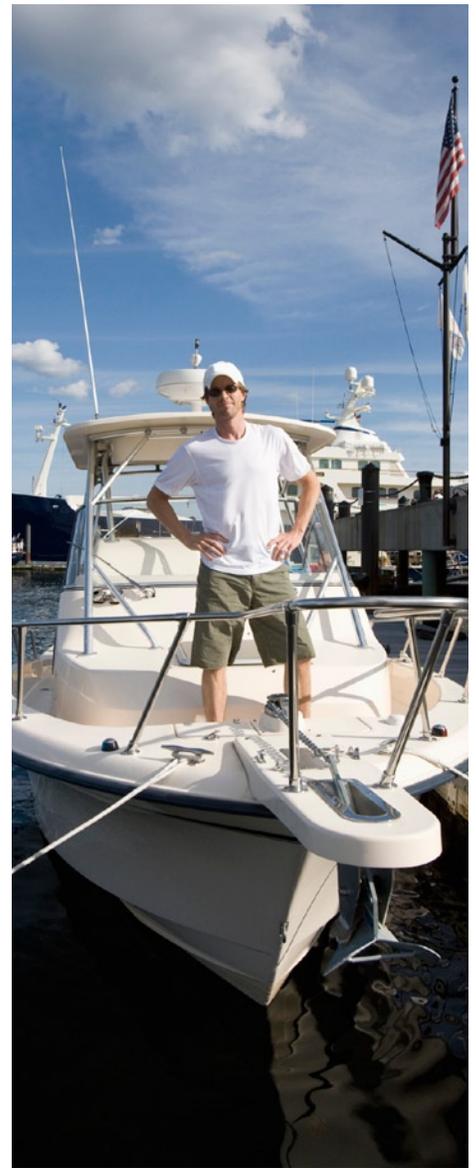
unloading” of watercraft.

If you have a smaller watercraft, you might be able to obtain the liability coverage you need with an endorsement to your homeowners policy. But if you own a larger craft, a specialized boat insurance policy offers property coverage to protect your investment in your boat, along with the liability coverage you need to protect your family from catastrophic lawsuits.

## What boat insurance covers

Like your homeowners policy, boat insurance contains two parts: liability coverage and property coverage. The liability portion covers you for injuries or property damage you or an insured family member cause to another person through your boating activities. Liability limits under boat insurance

*\*A vessel longer than 26 or 27 feet is generally considered a yacht.*



## How to Protect Your Boat from Theft

**T**hink it's just high-value boats that get stolen? Robert M. Bryant, president and CEO of the National Insurance Crime Bureau (NICB), says otherwise. “The majority of watercraft stolen each year are under 20-feet in length and are never seen again by their owners.”

To protect your boat from theft, the NICB recommends taking the following steps:

- ✓ “Always dock in a well illuminated area
- ✓ Clearly identify and mark the vessel
- ✓ Secure watercraft to the dock or buoy with a locked steel cable; detachable outboard motors also should be chained and locked to the boat
- ✓ Always shut the engine off; never

leave the keys in the boat when disembarking

- ✓ Lock the craft's cabins, doors, and windows when not in use
- ✓ Equip the boat with alarms and activate them whenever leaving the craft
- ✓ Disable the boat when docked for long periods by shutting off fuel lines, removing the battery or removing the distributor cap.”

For further protection, store your registration and title documents, photos of the boat (including a close-up of the HIN number) and serial numbers of all on-board electronics and equipment together in a safe place, off the boat. ■

policies range from \$15,000 to \$300,000; yacht policies can provide from \$300,000 to \$2 million in coverage. You'll want to ensure you have enough coverage to protect your assets in case of a serious lawsuit; however, you can insure part of your liability exposure through a personal liability umbrella.

Most boating-related claims—and therefore, most of your premium costs—involve property damage to your own boat. How much your policy will cost depends on your boat's value, where and how you are going to use it, and your boating experience.

How much coverage you want—the limits of your policy—will depend on the boat's value. If you have just bought a brand-new boat, you'll want to insure it for its purchase price.



## BOAT—continued from Page 2

If you have an older boat, an examination of boating “blue books” or an appraisal by a marine surveyor can help determine its worth.

Where you dock and operate your boat will affect how much your coverage will cost. You’ll pay more to keep a boat in hurricane-prone Florida than in California, for example. Likewise, operating a boat primarily in saltwater exposes it to more of the elements and makes it more vulnerable to damage over the long term than a boat operated in fresh water. The length of the boating season in your area also enters into the equation—a boat on Lake Ontario has a shorter operating season—and lower risk exposures—than one on Lake Mead.

Your boating experience (or the operator’s, if another family member will be the primary operator) plays an important role in your insurance costs. The underwriter will look at your experience, the size of the boat and your motor vehicle records (because a bad driver will generally be a bad boat captain) to evaluate the risk you pose. Taking a boating safety or other boating-related courses can reduce your risk of accident and might lower your insurance costs.

You’ll want to be sure your boat policy covers your trailer and the boat’s motor. You can also endorse the policy to provide coverage for personal belongings stored on the boat, along with dinghies and fishing gear. For more information on insuring your boat, please contact us. ■

## DOG—continued from Page 4

replacing torn clothing), and legal costs if you are sued. However, the liability protection only applies to unintentional or accidental injuries; if you intentionally use your dog to inflict harm, the coverage would not apply.

If your dog bites someone while it’s in your car, as when a child reaches in to pet your dog, then the liability portion of your automobile policy would probably pay.

Some homeowners insurers have begun taking a closer look at certain breeds of dogs, most commonly larger or guard breeds, such as pit bulls, Rottweilers, German Shepherds, Chows and Akitas. Some insurers exclude

## HOME—continued from Page 1

cover your home-based business by buying separate policies for specific coverages. Insurers can provide a choice of property, general liability and business income policies, so you can select the individual coverage(s) you need. One example would be a separate policy for your computer. Depending on the policy, you could get your computer replaced for whatever it’s worth at the time of loss.

**Buying a “package” policy:** A third option is a “package” policy, which combines liability and property coverages. Make sure, though, that the package doesn’t give you “coverage overkill”—more coverage than you really need at more than you need to pay. Today, insurers offer “entrepreneur” packages designed specifically for small, home-based business enterprises.

## Workers’ compensation coverage:

Most states require workers’ compensation for all employees, but make it elective for sole proprietors, partners, employed spouses or certain classes of corporate officers. If you employ anyone, even on an independent contractor basis, you could have workers’ compensation exposures if that contractor becomes injured and claims he or she should have been classified as an employee. A minimum premium policy can give you protection and peace of mind—please call us for more information.

No matter what type of home-based business you have, we can meet your insurance coverage needs. Please call our office for more information. ■

## Home Business Requirement

**G**et your home-based business off to the right start! If you’re just starting a home-based business, you’ll want to check the following:

- ✓ **Local zoning requirements.** Many towns or cities restrict the use of residences for business use by putting restrictions or limitations on traffic, parking, signage, number of employees, retail sales or hours, or storage of materials.
- ✓ **Employer ID number requirements.** Does your business need a federal

tax identification number? Check the Internal Revenue Service’s Web site at [www.irs.gov/businesses/small/article/0,,id=98350,00.html](http://www.irs.gov/businesses/small/article/0,,id=98350,00.html) to see.

- ✓ **Business licenses.** Most states and some cities require businesses to obtain a license. See the Small Business Administration’s site, [www.sba.gov/smallbusinessplanner/start/getlicensesandpermits/index.html](http://www.sba.gov/smallbusinessplanner/start/getlicensesandpermits/index.html), for a list of some of the licensing requirements that might apply to your business. ■

coverage for certain breeds outright; however, some states prohibit exclusions based exclusively on a dog’s breed.

Any insurer will investigate a dog that has a history of biting more closely. Just because your dog has bitten someone in the past doesn’t mean an automatic exclusion. If there were extenuating circumstances (such as someone separating a female dog from her new puppies or someone repeatedly tormenting a dog) and you have taken preventive measures (such as spaying or neutering the dog, or installing a fence), you might still be able to obtain coverage.

Obtaining coverage for a dog with a history of unprovoked attacks will prove more difficult. Most insurers will deny your application for coverage or cancel or refuse to renew an existing policy. If an insurer does issue a homeowners or renters policy, it will probably attach an exclusion for the dog. If this happens, we recommend buying a separate liability policy; an umbrella liability policy might also provide coverage.

Please call us for more information on insuring yourself for dog-related liability. ■





# Protecting Your Family from Dog Bite Liability

The Insurance Information Institute (III) reported that dog bite claims cost an average of \$24,461 in 2008 (the most recent figures available). If you own one or more dogs, do you have the insurance coverage to protect you from dog bite liability?

Younger people, being more vulnerable and closer to the dog's level, usually sustain more serious injuries than older bite victims. At their worst, dog bites and maulings can kill their victims; dogs kill an average of 17 people each year in the U.S.

## Responsibilities

A dog owner's liability for bites and attacks varies depending on the laws of the locality in which the attack occurs. Most states hold a dog owner liable for any injury or property damage your dog causes, regardless of whether you were obeying any relevant laws. The only exceptions occur when:

- ✱ The victim was a trespasser
- ✱ The victim was a veterinarian who was treating the dog at the time of the incident
- ✱ The victim was committing a felony
- ✱ The victim provoked the dog
- ✱ The dog was assisting the police or the military at the time of the incident.” (Source: [www.dogbitelaw.com](http://www.dogbitelaw.com)).

Other jurisdictions have so-called “one-bite rules,” where the victim must prove the owner knew the dog was dangerous. If the dog owner knew the dog was likely to cause an injury (for example, if it had bitten in the past), the owner is liable. Some jurisdictions have negligence laws, which hold the dog owner liable if his or her negligence in controlling the dog caused the injury. (Source: Insurance Information Institute)

If you are liable for a dog bite or attack, your financial responsibility can include reimbursement of the victim's medical treatment costs, future medical costs, counseling costs, lost income and torn/ruined clothing. Dog bites and attacks can also lead to civil suits for negligence and, in some cases, criminal charges.

## Insurance Coverage

If your dog injures a person who is not a member of your household, the personal liability portion of your homeowners policy will generally pay for any necessary medical treatments, along with property damage (such as

*DOG—continued on Page 3*

**H**e may be man's best friend, but dog bites account for one-third of all homeowners insurance liability claims. According to the III, dog bite claims cost homeowners \$387.20 million in 2008, up 8.70 percent from 2007.

The Centers for Disease Control and Prevention estimates that dogs bite more than 4.5 million Americans every year. Of these people, about one in five require medical attention. Sometimes they require only an antibiotic and bandage. But in 2006 alone, more than 31,000 people underwent reconstructive surgery as a result of being bitten by dogs.

## What Is a “Bite”?

**S**ometimes legal disputes arise over what exactly constitutes a “dog bite.” If the laws of the community where the bite occurred do not specifically define “bite,” courts generally hold that the dictionary definition applies. *Webster's Dictionary* defines “bite” as: “To cut, tear, or grip with or as if with the teeth.”

Some jurisdictions have laws that define the word more restrictively. These jurisdictions would not consider a dog grasping a person's body with its mouth to be a bite unless it tears or punctures the skin.

Dog owners can take certain actions that will reduce the likelihood of dog bites and protect their assets from liability:

- ✓ Select your pet dog carefully. Certain breeds are unsuited to living with small children; individual dogs of any breed can exhibit “fear aggression.” If in doubt about a certain dog, consult with your veterinarian or a professional trainer before adopting it.

- ✓ License your dog and become familiar with local leash laws and other relevant laws.
- ✓ Fence your yard.
- ✓ Socialize your dog. Feeling threatened can cause aggressive behavior. A pet dog that is used to dealing with other people, animals and unfamiliar situations will feel more comfortable in strange situations.
- ✓ Train your dog. Working on basic commands, such as “sit,” “stay” and “come,” can build trust and a bond between you and your dog, and give you more control over your dog's behavior.
- ✓ Treat your dog with kindness and care. A pet that's well-fed and cared for will be more trusting and less likely to act aggressively.
- ✓ Never leave babies or small children alone with a dog.
- ✓ Neuter your pet. The Humane Society of the United States says “Spayed or neutered dogs are much less likely to bite.” They are also less likely to roam and fight with other dogs.

