

Insurance of home building and contents at dual-use home/business premises

It has been brought to our attention by a consultant member that LDA consultants and members operating a business from the home might not be aware of their disclosure obligations and coverage with regards to their home building and contents insurance. As different underwriters and policies place different disclosure conditions on their policies, the suggestions below are not to be viewed as definitive legal advice. We strongly encourage you to make your own enquiries of your broker or insurance provider.

Types of home-based employment

Many home building and contents policies differentiate between home offices (where a person conducts activities relating to their employment online) and home-based businesses (the location identified as your business' primary premise of operation). Policies specifically intended to cover private use of home building and contents may not require disclosure of a home office but require disclosure of a home-based business. It is advisable that you review your product disclosure document to check your disclosure obligations in this respect.

Non-disclosure of home-based employment

Our insurance broker has advised LDA that non-disclosure of a home-based business may in some cases void your home building and contents coverage in the event of a claim on the policy, even in circumstances where the claim relates to non-business structures or contents.

Information that your insurer might require to assess your coverage requirements:

- Whether you tutor students in your home, online or elsewhere,
- How many hours a week you conduct business from your home,
- Whether you have equipment in your home that is used for business purposes,
- If you have business insurance and if so, what it covers,
- Details of your professional indemnity and public liability insurance (if applicable)

It is likely that you will be able to maintain your existing insurance policy to cover your non-business home structures and contents in the event that you disclose that you run a home-based business. However, in order to cover your business-related structures and contents, an additional fee may be payable. In some cases, this fee might be significant, and it might be prudent to seek alternative quotes.

We hope that this general advice is helpful to our members and consultants.