



INSIGHTS FROM COTERIE INSURANCE

4 Insurance FAQs for Freelancers

While being your own boss can be freeing, there are also plenty of challenges. As a freelancer, you must manage and maintain every aspect of your business, including insurance and financials. Business insurance can be complicated, so we recommend working with an agent and educating yourself with these FAQs for freelancers.

DO I NEED BUSINESS INSURANCE, AND IF SO WHAT TYPE OF INSURANCE DO I NEED?

We covered this question in more depth here, but the short answer is yes. If you are a freelancer, you need to at least have General Liability insurance coverage in case you accidentally injure someone or damage their property.

If you have a building or equipment such as laptops, printers, desks, or chairs, (almost anything you use to operate business), consider getting some form of property coverage as well. Traditionally, the best way to cover this type of property is using a Business Owners Policy (BOP) which has coverage for your business property and for General Liability.

You should also consider whether your business needs Professional Liability insurance. Sometimes called Errors and Omissions insurance, this can cover your business against lawsuits that claim the work that you performed was inadequate or not up to standards.

DOES MY HOMEOWNERS INSURANCE COVER MY BUSINESS?

The short answer on this one is “maybe, but probably not.” If you work out of your home, you may be relying on your home insurance to cover your business. This could be a problem because homeowners insurance typically covers you for instances of personal liability. Some personal insurance companies can offer policy extensions that will cover a portion of your small business, but this coverage is often limited and not enough to fully protect you.

If you have questions about whether your business is covered by your homeowner’s insurance, ask your agent. In most cases, we recommend purchasing a commercial General Liability policy or Business Owners policy that will cover your business much more comprehensively than a homeowner’s endorsement will.



WHY DO MY CLIENTS WANT TO BE LISTED AS ADDITIONAL INSURED?

The short answer is to protect themselves. A company or client asks to be listed as an additional insured on the policy because they want to make sure that if you make a mistake, they are protected. Listing them as the additional insured extends the coverage to them so that they can file a claim if they are sued.

Additional insured endorsements usually cost more because they create more risk for the insurance company. Extending coverage to an additional insured doesn't give them control of the policy, it only gives them coverage and the ability to file claims against the policy.

Customers will often ask for proof of their additional insured status. This can be provided by your insurance company or agent through a Certificate of Insurance (COI).

HOW EXPENSIVE IS BUSINESS INSURANCE?

Well, like many things, it depends. The premium that you pay directly corresponds to how risky the insurance company thinks your business is.

Rates are based on several factors, but there are three primary drivers.

1. **What.** Insurance companies first look at what it is that you do. What type of business or service do you provide? What type of clients do you work with? Some business types are riskier than others, so depending on what type of work you do, the insurance company could charge you a higher or lower premium.

2. **Where.** The next thing they look at is where do you do your work? Some states, cities, and zip codes are riskier to insurance companies than others. For example, if you work in a more densely populated area, the claim rate is probably higher. So, depending on where you live and work, your premiums could be higher or lower.
3. **How.** The insurance company will also consider how large your operation is. How many years have you been in business? How many claims have you had? Do you have employees? If you are a company that is bringing in millions of dollars' worth of revenue, with multiple employees and working with many clients in a year, you will be charged more than a one-person operation. In most cases, the longer you have been in business, the more attractive you are to an insurance company, which means lower rates.

At the end of the day, your rate is made up of a ton of factors, so it's hard to say what it will be. To find out what business insurance might cost you, reach out to your insurance agent.

As a freelancer, protecting yourself and your business with the right insurance coverage is crucial. While the process may seem overwhelming, working with an agent and educating yourself on insurance FAQs for freelancers including the types of insurance you need can make it easier. By taking the necessary steps to secure the right insurance coverage, you can focus on growing your business with peace of mind.

Contact your insurance agent to learn more.

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