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Question:

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Answer:

Operating a day-care business in your home presents an increased liability risk--the possibility that someone will be injured in your home or that your property will be damaged. Your standard homeowners insurance policy may not provide enough coverage for either of these situations. In fact, some policies specifically exclude coverage for home day-care businesses.

Contact your insurance company to ask whether it will allow you to attach a rider or endorsement to your existing homeowners policy that will extend coverage to your day-care business--a business owners policy might be appropriate. If not, you should consider purchasing a separate policy to cover your day-care business. Even better, some insurance companies offer special day-care policies that will provide you with additional liability coverage. This type of policy is completely separate from your homeowners policy. Check with your insurance company for more information.

Beyond liability coverage, you may have additional insurance needs. If you'll be driving any children in your car, you'll want to make sure that your auto insurance policy provides coverage for the business use of your personal vehicle. If it doesn't, you should think about purchasing a business auto insurance policy. You may also want to consider legal defense coverage that will cover your legal fees if you're sued for the emotional, physical, or sexual abuse of a child in your care. For more information about legal defense coverage, contact your insurance company.

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