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MICRO-ENTERPRISES**

prepared for  
Industry Canada  
Entrepreneurship and Small Business

by  
Rima Berns McGown

Industry Canada  
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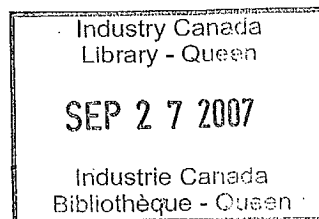
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# The Insurance Needs of Home-Based Micro-Enterprises

## Executive Summary

This study examined the insurance needs of home-based micro-enterprises in order to establish both their demand for insurance services and the degree to which the insurance industry is meeting that demand.

To this end, 33 insurance companies were surveyed – 12 property and casualty, and 21 life and health companies. In addition, interviews were conducted with industry association and small business association representatives, writers, academics, government officials, brokers, agents, and micro-entrepreneurs.

The following conclusions were reached:

1. The insurance industry is in transition as regards the needs of home-based micro-entrepreneurs. Recognition is growing among HBB owners that they need insurance for themselves and for their businesses, and the industry is responding.
2. On the P&C side, the industry is rapidly rising to meet the needs of micro-entrepreneurs. A variety of products is available. Having identified their needs, micro-entrepreneurs should have no difficulty finding an appropriate level of insurance.
3. On the life and health side, however, the disability insurance needs of HBB owners are underserved. The industry has been wary of disability insurance, and is wrestling with how to serve the home business market. There are fledgling attempts to apply group insurance approaches to the individuals of the micro-entrepreneurial market, however, and over time, this trend may grow to provide a competitive choice for these consumers.
4. Private industry is not interested in supplying the self-employed with any form of Employment Insurance (or Unemployment Insurance).
5. Public policy interests would be well-served by continuing to monitor the self-employed marketplace, and its use of insurance products. Given the numbers of self-employed and their importance for the national economy, a similar study to determine current issues in insurance provision might usefully be repeated on an annual or bi-annual basis.

# The Insurance Needs of Home-Based Micro-Enterprises

## Introduction

This study examined the insurance needs of the self-employed, particularly those who run micro-businesses from their homes. It aimed to establish the state of both the demand for insurance services by home-based businesses (HBBs) and the self-employed, and whether the insurance industry is presently meeting those demands.

Almost 15 percent of Canada's workforce was self-employed in 1995,<sup>1</sup> a figure consistent with Statistics Canada's reports of the growth of this sector over the past five years. Orser and Foster, in their 1992 study for the federal government, declared that 25 percent of Canadian families ran a business from their homes. Publications like *Home Business Report* thrive as they cater to this growing market, and the number of Internet web-sites designed to facilitate the work-lives home-based entrepreneurs continues to grow. Yet the literature on micro-businesses is in its infancy,<sup>2</sup> reflecting what is an emerging economic sector.

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<sup>1</sup> Louis Jacques Fillion, *A Marketing System for Micro-Enterprises: The Case of Self-Employment* (Montreal: Ecole des Hautes Etudes Commerciales, 1996), p. 1.

<sup>2</sup> *Ibid.*

Micro-entrepreneurs are a diverse group: they are made up of people entering the work force; people who have chosen self-employment over the employ of larger entities; people who find themselves working for themselves because their companies downsized or repositioned in a changing economic world; people beginning a new, self-employed, career as an alternative to retirement. They are a group of individuals who are only beginning to realize what their insurance needs are. This is because, having worried initially and primarily about the mechanics of setting up their businesses and determining whether they could make a go of them, they have recently set out to ensure that those businesses are viable entities over the long or medium term – and are acquiring insurance to that end.

It is evident from the interviews performed in the course of this research that, at least as far as insurance is concerned, this is a market in transition. Both on the demand and supply sides, changes are taking place. Micro-entrepreneurs are increasingly aware of their insurance needs, partly because of a proliferation of newspaper, magazine and Internet articles emphasizing the point, and partly because many of those businesses represent a significant investment in time and money. As the demand has grown, so has the recognition of a market, and the subsequent supply of products on the part of the industry. The transition is ongoing: companies continually introduce new products and research the refinement of existing ones or the promotion of yet others.

It is not, in all areas, a smooth transition. It has proven much easier, most notably, for insurance companies to offer products that insure against damage to computers than injury to their owners.

The study focused on home-based businesses because it is precisely the home aspect which separates this market from the traditional small businesses that have been part of the Western economy since the Middle Ages. While HBBs have long existed in one form or another, it is the extensive invasion of the workplace by this form of employment that is new, in addition to the fact that many HBBs operate from homes that are not externally marked, by signs or storefronts, as workplaces. In one representative segment of a dozen houses in a Toronto neighbourhood, for instance, home businesses include, among others, a screenwriter, a psychotherapist, a carpenter, a researcher and freelance writer, a daycare worker, a computer programmer, a dance instructor, a clothing designer, a tree doctor, and a communications consultant.

This study examines the state of the industry as surveys indicated it to be at the end of 1996 and the beginning of 1997. It must be borne in mind that the industry is evolving, and that the profile of the suppliers may change significantly over the course of the next few years. A company that doesn't offer disability insurance at all in January of 1977, for instance, could conceivably by the end of December offer an array of choices. Nonetheless, it is instructive to examine the kinds of issues that have arisen as the insurance industry moves to provide products for this emerging market.

To this end, 33 insurance companies were surveyed – 12 property and casualty, and 21 life and health companies. In addition, interviews were done with industry association and small business association representatives, writers, academics, government officials, brokers, agents, and micro-entrepreneurs. What emerges is a picture of the insurance needs of this market, how the industry is working towards meeting those needs, and what issues are outstanding as this process continues.

### **The Insurance Needs of Home-Based Businesses**

Micro-businesses run out of the home have insurance needs that are not covered by home insurance policies. Those needs, in terms of property, may include insurance for equipment, liability, malpractice, data, and/or business interruption insurance (the cost of keeping the business running while the damage is being fixed). The understanding is growing among micro-entrepreneurs that these needs are significant, and are not covered by regular home insurance policies.<sup>3</sup> As will be seen, it is proving relatively easy for the property and casualty industry to respond to these needs.

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<sup>3</sup> This understanding is encouraged by articles such as Real Comtois' "Insurance Strategies: When Home is Where Your Business Is...", *Home Business Report*, Fall 1996, pp. 14-16.

Micro-businesses only continue to run, however, if the entrepreneur him- or herself is healthy and working. Extended health and dental care, and most particularly disability insurance, have proven more difficult to supply to this market. The life and health industry is struggling to come to terms with this need. As will be seen, life insurance company reaction to this demand has ranged from reticence to wary interest to experimental programs.

Finally, micro-entrepreneurs may be interested in some form of income interruption insurance, along the lines of the government Employment Insurance (formerly known as Unemployment Insurance) scheme. This is not supplied by any private company, and no company is interested in developing such a scheme.

### **The Structure of the Canadian Insurance Industry**

The insurance industry in Canada is divided along functional lines. Property and casualty insurance is offered by one set of companies, whose industry association is the Insurance Bureau of Canada (IBC). Life and health insurance is offered by another set, represented by the Canadian Life and Health Insurance Association (CLHIA). Companies that want to offer both kinds of products must establish separate sub-companies to do so. Recently, financial institutions law was altered to permit banks to



operate or own insurance companies. Due to insurance company objections, however, banks are not permitted to sell insurance in their bank branches.

The insurance industry in Canada is highly competitive. There are over 200 property and casualty (P&C) companies in the country, and over 100 life companies. The Canadian life insurance industry particularly is competitive on a global scale.

### **Property and Casualty Insurance Needs of Home-Based Micro-Businesses**

The P&C industry has responded strongly to the perceived growing demand for insurance products for home-based businesses, with many new products and home business packages coming on the market in 1996. Some companies offer riders (additional clauses) added to existing home insurance policies, and others have separate packages for home businesses. One company official remarked that his company had been offering this kind of product for decades, "but now it has a name and a profile".

A survey of a representative dozen companies shows that almost all of them – ten out of twelve – offer a product aimed at HBBs. Many of these packages are new, or have been revamped in the recent past in order to attract and accommodate the growing demand. Zurich Canada has been particularly aggressive in this regard, posting an Internet Web page aimed specifically at the home business market.

A typical package might offer insurance for equipment and liability, but business interruption or transit crime insurance is available as well. Some companies offer different packages based on the size of the home business in terms of annual earnings, or what sort of business it is. Riders to home policies tend to be cheaper and more limited (they may not offer business interruption or data retrieval insurance). Some companies consider certain types of businesses ineligible (such as an auto repair shop or a business that involves manufacturing or construction). For many companies, these products are new, and therefore experimental. But representatives state that response has been good. Because premiums are low, some say the packages don't generally warrant a major ad campaigns. But brokers report that interest is high, and throughout the industry, this is regarded as a growth area. Zurich reports that it received 52,000 enquiries as a result of its Internet website between January 1, 1996, when it was launched, through the end of October.

All indications are, therefore, that home business property and casualty insurance needs are being recognized and responded to by the industry, and that as more companies enter the market and respond to the demand of HBBs, it will be an increasingly well-served and competitive market.

## The Life and Health Insurance Needs of Home-Based Micro-Entrepreneurs

It is a sore point in the industry that disability insurance is not done well. The traditional DI market is shrinking as companies are reorganizing, and the home business market is growing. The question is how to serve it well.

-- Insurance industry executive

This has been a much more difficult area for both micro-entrepreneurs and the insurance industry. Life insurance itself is not an issue, because it is not connected to employment: individuals can purchase life insurance regardless of whether they are employed or not.

The real issue is income replacement in the case of disability. This is a difficult issue for the life insurance area as a whole, and it is compounded significantly in the case of home businesses. Disability insurance (DI) has recently been less profitable for the industry as a whole. The numbers of people who claimed disability payments on the basis of stress rose considerably in recent years. In the words of one industry executive, stress – an aggravated mental health issue resulting in an individual's being unable to continue working – rose considerably as a source of disability when the economy plummeted. The industry recoiled. Many companies that had offered disability insurance to individuals stopped doing so altogether, and no longer would they insure for the "token amounts" that had seemed so safe in the past. As one

executive said, even \$1000 a month adds up when paid out over a long period of time to many claimants.

To understand why, it is necessary to understand that, traditionally, disability insurance was offered in two distinct forms. One way is through group plans. The company assesses the risk based on the profile of the group, and assumes that there are enough healthy, motivated individuals within the group to balance those who are vulnerable or unlucky enough to need DI. According to these plans, which are generally made available through associations (such as the Ontario Architects Association or the Canadian Medical Association) or employers, rates are re-evaluated on an annual basis as the risk is reassessed. In these cases, risk is spread and, if DI payments rise, so do premiums. The insurance company is relatively safe.

Individual DI is much more difficult. In the cases of individuals, DI was traditionally sold on a non-cancellable basis. This means that, once approved at a given rate, the individual was insured for disability no matter what the circumstances of his or her employment or health, until the age of 65. Only the individual – and not the company – could break the contract (providing, obviously, that the premiums were paid), and the premiums could not be changed by the company.

As insurance companies saw it, this left them extremely vulnerable, especially with the additional rise in numbers of claims based on stress or back injuries. Both of these claims are potentially “suspect” as far as the industry is concerned because they

are difficult to substantiate. A broken spine is a broken spine, but unidentified back pain that keeps a person from work can be stress-related, and stress itself is a mental health condition that is difficult to assess “objectively”. Add the rise of home-based businesses, and, in the eyes of the insurance industry, the potential for claim abuse is substantial. “How would we know whether the individuals concerned really are capable of working?,” asked an executive. “Or what if they are claiming disability payments, but are actually working and earning at the same time?”

Another factor frequently mentioned was the question of motivation. The reasoning goes that someone with a boss standing over them is more likely to be concerned about performance and get themselves back to the office in quick order, but someone who has no such overseer also has no such motivation – particularly if the bills can be paid by insurance claims. The inability to establish external checks and balances has made many companies nervous, and has seen them either retreat from the individual DI market altogether, or limit the kinds of DI contracts they will sell.

A company like Unum Canada, for instance, which specializes in disability insurance, turns down more than half of DI applicants. Having a home-based business doesn't rule applicants out, but they would have to have been in business for themselves for at least 12 months and have a history of stability working on their own. Even traditionally secure and reliable risks, such as white collar professionals, have proven to be poor bets in recent years. In the United States, for example, insurance companies have found that even doctors and dentists have been making disability

claims for increasingly lengthy intervals, or indeterminately – coincident with a reduction in earnings due to the economy or restructuring of the health care system.

Paul Revere Canada (now owned by Provident), which does most of its business in individual disability insurance, has not to date been willing to offer contracts to home-based business applicants. The result of losses in the area of DI have meant that a traditional non-cancellable DI contract would cost three to five percent of an entrepreneur's annual income, which is more than most people want to pay. The company is attempting to respond to the current market with a more affordable product, but believes it can't offer the traditional non-cancellable contract at lower rates and still remain viable, so it's busy developing a lower-cost product which would limit its risks, probably to be released in 1997. One possibility for risk limitation that is being examined is to not insure for mental illness or back problems at all.

Many of Canada's larger life companies have chosen to avoid the question of individual DI altogether, and leave the underwriting to companies like Unum and Paul Revere, which specialize in it. These affiliates include Mutual Life, MetLife, Sun Life, Standard Life, and London Life, for Paul Revere; and Manulife, Sun Life, and the Mutual Group, for Unum.

Some companies which offer individual disability insurance will only insure professionals who work at home or micro-entrepreneurs – like salespeople – who may use a home business address but can prove that they regularly leave it in order to do

their business. Aetna is one of these companies. Micro-entrepreneurs who work exclusively at home will not be insured. Aetna is also one of the many companies which are investigating policy options and trying to address the issue, most particularly the question of external verification. It is, as one executive said, "a work-in-progress".

Other major companies, like Canada Life, do not supply disability insurance to the self-employed at all, although here as well there are plans to develop a product to be introduced in 1997.

Agents frequently mentioned that, although there are a few companies which sell DI to home-based entrepreneurs, the caveats are constant: The micro-entrepreneurs must be able to demonstrate at least one year of employment at home; a declared, net, income (based on tax forms) of over \$1000 per month; and some evidence that they leave home for business purposes. "Someone who works strictly at home would be a big-time challenge to insure," said one agent. "It's impossible to get if you don't leave home," said another.

One executive declared that the only lucrative market was one that provided a top-up for executives employed with companies. "Home-based businesses are an untapped market, but is it really a market? It's a lot of trouble underwriting that business, and really not worth pursuing," she said.

There are, however, certain companies that are beginning to move cautiously into this market. These include Great West Life, Crown Life, Desjardins (and Imperial, which it owns), Industrial Alliance, ITT Hartford, and Sun Life (the latter through a special plan created by a consulting firm). There is no uniformity to how they are approaching the home business market, but they are experimenting with a variety of approaches.

Crown Life will cover home-based businesses, but only for entrepreneurs who spend at least 15 percent of their working time away from home, because their claims experience has been "horrendous" for people who don't. The company prefers applicants who have a separate entrance for their business, or a stream of clients. The essential question for the company is whether it can administer the claim. Can the applicant be proven to be working if a claims assessor stands on the street and watches the house? This means that a translator, for instance, would be turned down for disability insurance. There are certain professions, moreover, whose practitioners would be eligible for DI if they worked in a clinic, but not if they work at home. Massage therapy is one of these. In an office, the company considers it legitimate. In a home office, the company considers it "questionable". "Personal services are a problem," said a company officer. Some professions, such as hairdressing, wouldn't be insurable at all. "When's the last time you had your hair cut by a 60-year-old? It's a hard job, standing on your feet with your arms raised all day," but the additional home element is further complicating.



Great West launched a new DI product at the end of 1996. Its traditional individual DI is still available, but the new product offers "more liberal underwriting" and is lower-cost. To qualify for the traditional non-cancellable product, micro-entrepreneurs would have to demonstrate that at least 30 percent of their work time is spent away from the home. Or they would have to be able to demonstrate that they have a stream of patients or clients entering the home. On the other hand, these restrictions do not apply to the new product, which is also 20 - 30 percent cheaper than the non-cancellable one. The company can change the rates or cancel – by law, not an individual, but a whole class of insured contracts. Also, there are restrictions on back injuries and exclusions for mental nervous illness claims.

Desjardins-Laurentian, Imperial Life (which it owns), and Industrial Alliance offer a similar product. Desjardins has been offering this product for a couple of years in Quebec, and Imperial has, toward the end of 1996, launched a version of the same thing. "Solo" is aimed particularly at the home-based entrepreneur. Even hairdressers would be considered for insurance, providing there is some way of proving that they have been working – an appointment records book and receipts, for instance. Applicants needn't leave the home at all. Generally, they have to have worked for two years and be full-time, but full-time is interpreted as 20 hours per week, and a minimum of nine months of the year. Like Great West's, the "Solo" product is not a traditional non-cancellable one. Rates can go up on a yearly basis, and a whole class of insured contracts could in theory be cancelled.

The Industrial Alliance product, "Health Modules", where DI is added to life insurance, along with extended medical and dental care, works the same way. It has been on the market for two years. HBB applicants have to have been working at home for "years" in order to qualify, and demonstrate that they have experience. They don't have to be out of the house a specified number of hours, but "it would be a good thing". Contracts, an appointment book, income slips - anything that provides evidence of income-generating activity - are useful in making the case for eligibility. There are no automatic exclusions for back injuries or mental illness.

One interesting plan, recently launched, was put together by a consulting firm based in both Toronto and Vancouver. Pareira & Associates' "HBB Group Benefits Plan" offers life and disability insurance, as well as dental and extended health care benefits to home-based micro-entrepreneurs. Sun Life, which doesn't itself offer individual disability products (it sells both Unum and Paul Revere products), underwrites the life and disability insurance portions of the plan. Like the other plans of this type, rates can go up on a yearly basis, and a whole insured class could in theory be cancelled.

These types of disability insurance are interesting because they are, in fact, a combination of group and individual insurance. The companies have applied group DI thinking to what is essentially a large number of individuals all requiring a similar product. The group is the "self-employed group of Canada", and the companies assess

the risk and the rates based on the make-up of the diversity. To balance the high-risk home-based carpenters there are low-risk psychotherapists. The disadvantage to the consumer is that rates can change (and if they do, they will rise) on a yearly basis, and the plans aren't as comprehensive as traditional non-cancellable ones. The advantage is that DI insurance is available at all. These plans generally offer extended health and dental insurance to micro-entrepreneurs as well.

There is still only a handful of companies in the industry willing to offer DI – and an extended health package – to micro-entrepreneurs, particularly those who are home-based. In the words of one company representative, “It is a sore point in the industry that disability insurance is not done well. The traditional DI market is shrinking as companies are reorganizing, and the home business market is growing. The question is how to serve it well.”

Nonetheless, the companies that are serving it have found an enthusiastic market for their products. Another representative said that the reception to the “Solo” product was resoundingly positive, from agents and brokers and also from interested clients. The life and health needs of micro-entrepreneurs are clearly underserved at the beginning of 1997, but the market is clearly still in flux. Whether it will continue to be underserved, as companies struggle to meet what is clearly a growing demand, is less obvious.

## The Gender Aspect of Disability Insurance for Home-Based Micro-Entrepreneurs

One important point that requires emphasis is that there is an added gender aspect to the difficulty home-based micro-entrepreneurs have in obtaining disability insurance. Insurance companies do not differentiate between men and women *per se*, but they do differentiate between micro-businesses run out of the home, and those run away from home. One of the findings of Filion's study is that men tend to begin small businesses at home and then move them out of the home once they become successful, whereas women tend to keep running them out of the home even once they succeed.<sup>4</sup> (Stress levels are reduced for women, who also bear the brunt of child-rearing and running the home, if they can keep most of their responsibilities in the same place.) What this means, however, is that in a world where HBBs are disadvantaged where disability insurance is concerned, self-employed women are more disadvantaged than men.

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<sup>4</sup> Filion, *A Marketing System for Micro-Enterprises: The Case of Self-Employment*, p. 7.

**PROPERTY AND CASUALTY INSURANCE**

<b>P&amp;C Company</b>	<b>HBB Product Available</b>
General Accident Assurance	No
Royal Insurance Canada	<ul style="list-style-type: none"> <li>• Yes, rider to Home Shield Policy</li> <li>• introduced early 1996</li> </ul>
Zurich Canada	<ul style="list-style-type: none"> <li>• Yes, “@homebusiness”, launched with fanfare in 1996</li> <li>• advertised by Internet website</li> </ul>
AXA Canada	<ul style="list-style-type: none"> <li>• Yes, rider to home insurance policy</li> </ul>
Co-operators General Insurance	<ul style="list-style-type: none"> <li>• Yes, rider to home policy</li> </ul>
State Farm Insurance	<ul style="list-style-type: none"> <li>• Yes, have been offering a package for more than 10 years, rapid increase in demand in recent years</li> </ul>
Economical Mutual Insurance	<ul style="list-style-type: none"> <li>• Yes, “Home Run” package, extension to home insurance</li> </ul>
Wawanesa Mutual Insurance	<ul style="list-style-type: none"> <li>• Yes, have offered such a package for a long time but demand has increased recently</li> </ul>
Lloyd’s Underwriters	<ul style="list-style-type: none"> <li>• Yes, “Commercial Multi-Package” separate from home insurance</li> <li>• includes business interruption and transit crime, “hold-up”, insurance as well as standard equipment and liability</li> </ul>
Guardian Insurance	<ul style="list-style-type: none"> <li>• Will write it but don’t specialize in it</li> </ul>
Dominion of Canada	<ul style="list-style-type: none"> <li>• Yes, rider to home policy</li> <li>• Launched March 1996, strong demand</li> </ul>
CIBC Insurance	<ul style="list-style-type: none"> <li>• Under development for 1997 release</li> <li>• rider to home policy</li> </ul>

### DISABILITY INSURANCE

Life and Health Company	Disability Insurance for HBBS
Manulife Financial	<ul style="list-style-type: none"> <li>• Affiliate of Unum Canada (sells Unum individual DI products)</li> </ul>
Sun Life Canada	<ul style="list-style-type: none"> <li>• Affiliate of Unum and Paul Revere for purposes of selling individual DI</li> <li>• Underwrites Life and Health portion of brokerage firm Pareira &amp; Associates' "HBB Group Benefits Plan", including disability insurance, on a group basis</li> </ul>
Canada Life	<ul style="list-style-type: none"> <li>• No DI for self-employed individuals</li> <li>• Plans to develop plan for 1997</li> </ul>
Mutual Life	<ul style="list-style-type: none"> <li>• Affiliate of Unum and Paul Revere for individual DI products</li> </ul>
London Life	<ul style="list-style-type: none"> <li>• Affiliate of Paul Revere for individual DI products</li> </ul>
Great West Life	<ul style="list-style-type: none"> <li>• New product introduced in late 1995, targeted at HB market</li> <li>• Cancellable by class, rates may change</li> <li>• Limitations on back injuries; exclusions for mental nervous claims</li> <li>• Traditional non-cancellable individual DI also available; more costly, more restrictive conditions</li> </ul>
Crown Life	<ul style="list-style-type: none"> <li>• Individual DI available for HB owners who meet certain criteria; e.g. must leave home at least 15% of work time</li> <li>• Traditional non-cancellable contract only</li> </ul>
Metropolitan Life Insurance	<ul style="list-style-type: none"> <li>• Affiliate of Paul Revere for individual DI products</li> </ul>
Prudential of America	<ul style="list-style-type: none"> <li>• Owned by London Life</li> <li>• Affiliate of Paul Revere for individual</li> </ul>

	DI products
Industrial-Alliance Life	<ul style="list-style-type: none"> <li>• “Health Modules” aimed at the self-employed; DI plus extended health and dental care added to life insurance</li> <li>• Cancellable by class; rates may change</li> <li>• Must meet eligibility criteria, e.g. have proven experience working at home for a period of “years”, demonstration of contracts, etc.</li> </ul>
Desjardins-Laurentian Life Group	<ul style="list-style-type: none"> <li>• “Solo” product aimed at self-employed, including HBBs</li> <li>• Cancellable by class; rates may change</li> <li>• Covers disability plus extended health and dental care</li> <li>• No requirement to leave home percentage of work time but must demonstrate two years’ worth of income</li> </ul>
Imperial Life Group	<ul style="list-style-type: none"> <li>• Recently acquired by Desjardins Laurentian Life</li> <li>• Began selling “Solo” product in late 1996; enthusiastic response</li> </ul>
Maritime Life	<ul style="list-style-type: none"> <li>• No individual DI</li> </ul>
Aetna Life	<ul style="list-style-type: none"> <li>• Won’t insure most HBBs at present</li> <li>• New product under development</li> </ul>
National Life	<ul style="list-style-type: none"> <li>• No individual DI</li> </ul>
Transamerica Life	<ul style="list-style-type: none"> <li>• No disability insurance products</li> </ul>
Empire Life	<ul style="list-style-type: none"> <li>• No individual DI; will only sell DI to HBBs with an association affiliation</li> </ul>
Zurich Life	<ul style="list-style-type: none"> <li>• No DI for HBBs</li> </ul>
Paul Revere	<ul style="list-style-type: none"> <li>• No DI for HBBs</li> <li>• “low-risk” product under development</li> </ul>
ITT Hartford	<ul style="list-style-type: none"> <li>• “Provider 2000” product available for the self-employed, including HBBs, including disability insurance, business overhead, and extended health and dental coverage</li> <li>• Cancellable by class; rates may change</li> </ul>
CIBC Life	<ul style="list-style-type: none"> <li>• No DI products</li> </ul>

## Conclusion and Recommendations

Several points may be made in conclusion:

- The industry as regards the insurance needs of home-based micro-entrepreneurs is in transition as the recognition grows among HBB owners that both they and their property need the products; and the industry responds.
- On the P&C side, the industry is rapidly rising to meet the needs of micro-entrepreneurs. A variety of products is available. Having identified their needs, micro-entrepreneurs should have no difficulty finding an appropriate level of insurance.
- On the life and health side, however, the disability insurance needs of HBB owners are underserved. The industry has been wary of disability insurance, and is wrestling with how to serve the home business market. There are fledgling attempts to apply group insurance approaches to the individuals of the micro-entrepreneurial market, however, and over time, this trend may grow to provide a competitive choice for these consumers.



- Private industry is not interested in supplying the self-employed with any form of Employment Insurance (or Unemployment Insurance).

Public policy interests would be well-served by continuing to monitor the self-employed marketplace, and its use of insurance products. Given the numbers of self-employed and their importance for the national economy, a similar study to determine current issues in insurance provision might usefully be repeated on an annual or bi-annual basis.

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