

Many of today's small business owners run more than one venture, while others are looking to expand their current operations into new areas. Both approaches can multiply your potential revenue but can also generate challenges when it comes to structuring your business. Whether your businesses operate from a single or multiple locations, these challenges may include complex tax and legal implications.

Running multiple businesses or expanding an existing business into new areas will also affect your insurance needs. For example, regardless of whether or not your businesses are located in separate locations, you need to be sure to track revenue and payroll for each operation separately. Here are a few ways the structure of your business may affect your insurance coverage.

Expanding risks



Expanding your operations can increase your exposure to risk and therefore your insurance costs. The level of liability for the new operation is what will determine the cost of your insurance policy. For example, a landscaping contractor could expand his business to include snow removal during the winter months when the landscaping business is slow. Because snow removal comes with a higher degree of risk—and liability—the contractor's annual policy premium will likely be higher.

Controlling risks



If your businesses are very different, they may require separate insurance policies. Keeping your operations legally separate can ensure you properly account for your liability risks for each operation. This can also help you with purchasing insurance. Incorporating your business can protect your personal assets from liability exposure, but incorporation also comes with additional costs and reporting requirements. Business structures that involve partnerships and joint ventures have additional risks to consider but ensuring clear and separate legal structures for these can help.

Reducing costs



The type of business you operate, its geographical location and of course the size of your operations will all affect your insurance needs. Other elements related to expanding your operations that can impact your insurance and possibly reduce costs include:

- your related professional experience in this new type of operation
- any relevant qualifications, such as certifications or courses, that are critical to the new venture

Insurance

Adding a new venture can be an expensive addition to your existing policies depending on the level of liability associated with the new operation. If you're considering an expansion or an addition to your business operations, talk to your broker about any possible impact on your existing policies. Your broker can also advise you on the additional risks associated with your new venture and the kinds of coverage that will protect your entire business. If you don't have a broker, use our [Find a Broker](#) tool to find one in your area today.

Sources:

Choose the right structure for your business. (2018).

Business Development Bank of Canada: <https://www.bdc.ca/en/articles-tools/start-buy-business/start-business/pages/advantages-different-business-structures.aspx>