10 Steps to self-employment – Starting a Business

Step 7: Legal matters

Let us start with insurance requirements.

You do need insurance, as trading without insurance could be very costly and even bankrupt your business. You have to consider every eventuality that could go wrong when trading. If it can happen it may well do so. No Insurance no business!

There are numerous different types of insurance which apply to some businesses but not all.

* Public liability insurance
  + If a client slips and falls at your business, or you accidentally damage something of theirs while you’re working, this insurance could cover the claims and legal fees.
* Employers’ liability insurance
  + You are legally required to have this insurance if you have any employees at all. This includes Temps, Part – Time or Full Time. It can help cover the cost of claims made against you if an employee is injured or gets ill while working for you.
* Product liability insurance
  + This can help compensate anyone who has suffered damage or injury because of a product you designed, repaired or supplied.
* Professional indemnity insurance
  + If you provide knowledge, skills or advice as part of your work that could lead to a client’s loss of sales or damaged reputation, this insurance can help cover the cost of legal fees and claims.
* Business interruption insurance
  + This covers you for loss of sales and profits during a period that you are unable to offer due to unforeseen circumstances such as flood, fire or even a pandemic.
* Business property coverage
  + This covers you for the contents of your business such as computers, mechanical equipment, tools, machines and stock.
* Key-man insurance
  + If you employ people that keep the business going and if those people cannot work you can be compensated for that loss

You can find more information on insurance here [business insurance](https://www.abi.org.uk/products-and-issues/choosing-the-right-insurance/business-insurance/)

Does your business have to be registered? The simple answer is it depends on your business type.

A sole trader or partnership is actually registered in your own name as you are treated as a legal entity and not the business. You are liable for your own tax and national insurance. More details from [Sole trader](https://www.gov.uk/set-up-sole-trader)

You can trade under your own name, or you can choose another name for your business. You do not need to register your name.

A limited company is subject to more rules including registering your business with Companies House [Companies House](https://www.gov.uk/government/organisations/companies-house)

There are rules you must follow including business names and accounting. Most Limited Companies would employ the services of an accountant for this.

Data protection is an area that can no longer be ignored. As the world gravitates to online and businesses store more and more of our data what are your legal requirements as a business owner?

GDPR or General Data Protection Regulations is a legal framework that sets guidelines for the collection and processing of personal information from individuals. Under the rules visitors to your website must be notified of data your site collects from them and explicitly consents to that information gathering by clicking on an agree button. Sites must also notify visitors if any of their personal data held by this site is breached. More information can be found at [GDPR regulations](https://www.gov.uk/government/publications/guide-to-the-general-data-protection-regulation)