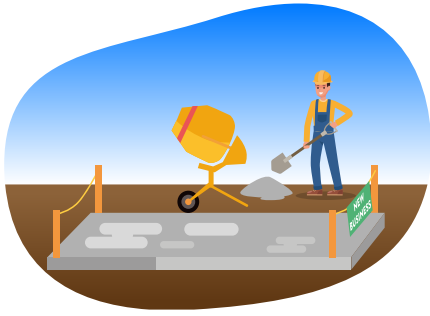


# Legal cheat sheet



## Lay the foundations with a solid business structure

Sole proprietorship - affordable, light on paperwork and you get complete control. But if something goes wrong, you're solely responsible.

Limited liability company (LLC) - limits your liability. So if you're served your personal assets are safe.

Corporation - limits your liability, but less flexible than an LLC. Good if your business is going global and you want investors.

## Get the right permits and licenses

You may need state, as well as federal, licenses. Without them, your business could be at risk of:

- Financial penalties
- Suspension/closure of your business
- Loss of access to business premises
- Lawsuits
- Reputational damage
- Loss of income

Contact your local Small Business Administration (SBA) office to check your state's requirements.

## Sign on the dotted line

Don't be tempted to just shake on the deal. Verbal contracts are difficult to enforce if you end up in court.

It becomes a case of 'he said, she said'.



Other issues with verbal contracts

- It's easy to forget, or lie about, what was agreed
- It's easier to misunderstand what was agreed
- In some states a written contract is law

## Always get it in writing

To minimize risk, get a written contract, drawn up by a lawyer and signed by all parties.

## Check the small print

Clients want you to sign a contract? Read it through. Carefully. And because no-one wants a nasty surprise, check the small print too.

## Bigger business, bigger risk?

As your business grows you'll need new contracts.

Taking on a new business partner? Outsourcing work for a major project? Hiring an agency to help you with marketing?

All these scenarios increase risk.

## If in doubt, have an attorney check it out.

Because only a legal expert can tell you how well a contract will hold up in court.

Find out more by downloading InsuranceBee's free **SMB risk guide**