

The Hartford Finds 25 Percent Of Americans Own A Side Business, Most Started For Extra Income

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The majority of those surveyed are not protecting their business with insurance

A new survey from [The Hartford](#) found that 25 percent of Americans, which equates to approximately 57 million people¹, own a side business (a business that is not their primary source of income²). The majority of side business owners surveyed have full-time jobs and the primary reason for starting their business was financially motivated as opposed to a small percent who are pursuing a passion.

This press release features multimedia. View the full release here:

<https://www.businesswire.com/news/home/20180925005605/en/>

“Small businesses of all sizes play a vital role in the American economy and within our local communities,” said Stephanie Bush, The Hartford’s head of Small Commercial and Personal Lines. “We were somewhat surprised to see how many Americans are operating side businesses largely to generate extra income, yet most are uninsured. These survey results highlight the need to ensure that small business owners have access to resources to understand when insurance protection makes economic sense.”

Profile of Side Business Owners

About half of side business owners surveyed dedicate on average 10 hours or fewer per week on their business (49 percent) and most are employed elsewhere full time (61 percent). About half of those with a full-time job (51 percent) said they have used at least some of their vacation time or paid time off from their primary job to work on their side business.

Baby Boomers (38 percent) and Gen X (33 percent) are more likely to own a side business than Millennials (26 percent). Regardless of age, 61 percent of survey respondents overall said the primary reason for starting a side business was financial, which is slightly higher for Millennials than Gen X and Baby Boomers.

Primary Reason for Starting a Side Business	Overall	Millennials	Gen X	Baby Boomers
Financial	61 percent	72 percent	62 percent	56 percent
Make a change/lifestyle	16 percent	18 percent	20 percent	19 percent
Pursue a passion	9 percent	7 percent	8 percent	12 percent

Many of those surveyed (43 percent) generate less than \$5,000 of income in a typical year, followed by 18 percent who generate \$5,000-\$10,000 and 18 percent who generate \$10,000 to \$30,000.

Protecting Their Income

Despite being in it for extra income, only 12 percent of those surveyed have purchased insurance for their side business and most don’t think they need it. The top three reasons cited for why they don’t purchase insurance include:

- I don’t need business insurance (44 percent)
- My business is too small to warrant buying insurance (18 percent)
- I am protected by my current home or auto insurance (11 percent)

“We encourage more side business owners to consider protecting their business to ensure they would be covered if something unexpected happens,” said Lynn LaGram, Small Commercial product lead at The Hartford. “Without the proper protection in place, it could potentially cost more than the extra income they are making. Losing this additional income could have a meaningful impact for these side business owners.”

The Hartford recommends that a small business owner who provides a product, service or advice to others, manages inventory, collects customer data or would be negatively impacted by a loss of this income, consider speaking with an agent who can help them understand what insurance they may need.

At the most basic level a [small business insurance policy](#) helps protect a company's property and income, and safeguards against liability claims. As a small business grows, additional insurance coverage options are available to meet the unique needs of the business. Some examples include workers' compensation, commercial auto and data breach coverage. Many times, a small business can protect themselves with a basic business owner's policy for as little as \$250 a year.

Staying a Side Hustler vs. Taking it Full Time

Although the small business owners surveyed are looking to make extra income, it is not enough to take their business full time. The survey found that only 27 percent of side business owners are somewhat/highly likely to say their business could become their full-time job or primary source of income. Thirty-three percent said it is highly unlikely.

The greatest barriers to making their side business their primary source of income or full-time business are financial:

Top five barriers to making a side business their primary source of income or full-time business:	
I don't believe I can make a living at this business	48 percent
I can't afford to give up my income from my full-time job	33 percent
I don't want to give up the benefits from my full-time job	27 percent
I like my full-time job and don't want to give it up	23 percent
I don't have the time to dedicate to the business	13 percent

Matt Peirson, owner of [Simple Roast Coffee](#) in Auburn, N.Y., was able to turn his side business into a full-time job. He began working on his side business as a hobby for about 15 hours a week roasting coffee and setting up at farmer's markets, which grew to be about 25-30 hours a week on top of his full-time position.

"In 2016, I was working so much on my coffee roasting business that it made sense to take the leap and strike out full time," Peirson said. "Having insurance all along was important to me because I was sinking a lot of time and money into this side business and I did not want to lose all of that hard work. It has all paid off and I often think about how happy I am that I was brave enough to do it."

Visit [The Hartford's website](#) to learn about small business insurance and other small business-related resources such as the [Business Owner's Playbook](#) and [Small Biz Ahead](#).

Methodology

The Hartford's 2018 Side Business Survey was conducted online with an online research panel between May 7-15, 2018 using a nationally representative sample of 4,135 U.S. adults who were at least 18 years of age. The sample was screened to determine whether or not individuals currently have a side business. The 1,033 individuals who stated they have a side-business participated in a survey about their current side-business. Among the remaining 3,102 who do not currently have a side-business, 989 participated in a survey on future side-business intent. The margins of error are ± 3.1 percentage points at the 95 percent confidence level for both samples.

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¹US population calculations are based on the 18+ civilian, non-institutionalized population estimates from the latest US census.

²The Hartford defines a side business or side hustle as a business in which a person earns money by selling products or by offering services or advice, but it is not their primary source of income. This excludes a gig, in which a person is working for another company on a temporary or contractual basis.

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