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Do you have the right SME Business Insurance?

Having insurance is critical to protecting your business, employees, customers and income. But with so many options out there, choosing the right business insurance coverage can be a challenge.

In fact, according to Aon, businesses typically only have 50% to 75% of the correct value of their assets insured. So, is your level of coverage appropriate for your business?

Understanding types of Business Insurance

Whether you're an established business owner or starting a new venture, it pays to understand the different types of business insurance out there. In addition, to the level of cover you're required to have in Australia, there are several other types of business insurance that can offer extra protection.

Compulsory Business Insurance

There are three main types of compulsory insurance for Australian businesses:

Workers' compensation insurance: Required if you have employees and covers you and your employees in the event of work-related accident or illness.

Third-party personal injury insurance: Required if you use a vehicle for work purposes.

Public liability insurance: Covers you for damages to the general public, including injury, death, damage to property or possessions due to business negligence. Public liability insurance is required for certain types of businesses in some states – check your state's business insurance guidelines for more information.

Need to protect your Business?

Having the right insurance is a critical part of your business plan. An insurance broker can offer a range of insurance solutions for your business or help you compare insurance cover to ensure you're on the right deal.

Cover for your Assets and Income

Whatever type of business assets you own, there are a number of insurance coverage options designed to protect against specific risks and losses. These include:

Building and contents: Covers your business building and its contents (including stock) against events like fire, earthquake, lightning, storms, floods, impact, malicious damage and explosion.

Theft and burglary: Covers damage and loss from stolen contents and goods.

Stock deterioration: Covers your business when chilled, refrigerated or frozen stock spoils due to a breakdown of a refrigerator or freezer.

Electronics: Covers your computers, electronic equipment and digital data against theft, destruction or damage.

Machinery breakdown: Protects your business in the event of a mechanical or electrical plant or machinery breakdown.

Goods and property in transit: Covers the goods or property you buy, sell or use in your business while they're in transit.

Cover for Business Liability

Liability insurance can help provide financial protection if legal action is taken against your business.

Depending on your business and industry, liability insurance could be an important step in your risk-management plan. In addition to public liability insurance, other types of liability cover include:

Product liability insurance: Covers you in the event a customer, supplier or member of the public makes a claim of injury or damage caused by products your business has sold or supplied.

Professional indemnity: Covers legal costs associated with a claim made against your business relating to professional service or advice provided to a client.

Management liability insurance: Covers your assets if a manager or director uses illegal or unethical management practices that cause losses.

Cyber liability insurance: Protects your business against legal claims and lost profits as a result of a cyber breach or attack.

Directors and officers (D&O) insurance: Designed to protect the assets of corporate directors and officers if they're sued by employees, customers, shareholders or other relevant parties.

The risks of getting it wrong

The risks of having inadequate insurance – or, worse still, not having compulsory coverage – can be significant. As a business owner, it's ultimately your responsibility to ensure the safety of your employees and customers and to safeguard your business against financial losses.

It might only take one accident or unexpected event to seriously disrupt your business and leave you facing large personal debts if there is a legal claim.

And even if you do have insurance, common coverage mistakes can have negative consequences if you need to make a claim. For example, under-representing the value of your business assets could lead to a claim being delayed, or leave you with a shortfall. In the worst-case scenario, an insurer could deny your claim entirely.

Getting it right: Business Insurance Coverage Checklist

So, what can you do to ensure your business is adequately protected?

- 1. Review your existing coverage:** Make sure your existing coverage accurately represents the current state of your business, including your business size, activities and the value of your assets.
- 2. Find out what's required in your State:** If you're new to business or think you could be missing compulsory coverage, check your state's business insurance requirements.
- 3. Investigate your options:** Even if you have compulsory or basic insurance, investing in more comprehensive cover could mitigate specific risks associated with your business. Many insurers bundle multiple types of policies together, which could also help you save on your premiums.

In an uncertain economy, protecting your business against risks and financial losses can be critical for survival. One of the most pragmatic ways to do this is with the right business insurance coverage.

For a comprehensive guide on the Insurance for SME's & Start-ups, please click on the link [HERE](#).

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