



<http://understandinsurance.com.au/types-of-insurance/business-insurance>

Business insurance

Running a business is a challenge, and it often involves putting your own finances at risk. It makes sense to manage risk, reduce uncertainty and protect your livelihood.

Business insurance can protect the equipment and machinery you need to stay in business. It can ensure that you, your employees and any members of the public with whom you interact in your business are protected from the risk you face as a business owner.

And it may also provide financial support if your business is unable to operate following an unexpected event such as a fire or natural disaster.

Think about how you would manage if your stock, equipment, or even your premises were badly damaged or destroyed. Would you be able to continue running your business? Would you be able to recover from the financial loss?

Insurance companies provide a variety of policies that cover small businesses, tradespeople, professionals, hospitality operators and more.

Different types of business require different policies to protect company assets and to protect against legal liabilities. Make sure you know what kind of insurance you need for your business.

To find an insurer that offers these types of policies, visit www.findaninsurer.com.au [<http://www.findaninsurer.com.au>]

Brokers may also be able to help businesses find the right products and insurer. To find a broker, visit www.needabroker.com.au [<http://www.needabroker.com.au>] or call NIBA on **1300 53 10 73**

Types of business insurance

Business insurance policies can be changed and customised to suit your business needs. You can choose from a wide range of insurance cover specifically tailored for business owners.

Many products are also designed to meet the needs of specific industries.

Insurance companies that offer business insurance will often offer packages that bundle different types of insurance policies together. These are designed to meet the needs of small-to-medium sized businesses and may be less expensive than purchasing policies separately.

There is no one-size-fits-all insurance solution for small businesses. Your insurance needs will vary according to the industry, trade and type of business you are operating.

For example, the risks a home-based sole trader will face will be very different to those faced by a coffee shop, landscaping business or a construction company.

Compulsory business insurance

Two forms of insurance are compulsory for most Australian businesses.

Workers' compensation

Every state and territory operates its own Workers' Compensation scheme, which protects employees in the event of an accident or sickness. Each jurisdiction has different requirements. For more information, visit your state or territory's workers' compensation authority:

- ACT [<http://www.worksafe.act.gov.au>]
- NSW [<http://www.workcover.nsw.gov.au>]
- NT [<http://www.worksafe.nt.gov.au>]
- QLD [<http://www.workcoverqld.com.au>]
- SA [<https://www.safework.sa.gov.au/>]
- TAS [<https://www.worksafe.tas.gov.au/>]
- VIC [<http://www.worksafe.vic.gov.au>]
- WA [<http://www.workcover.wa.gov.au>]

Compulsory Third Party

If you operate a vehicle, Compulsory Third Party car insurance covers you for claims made against you for personal injuries arising from the use of your car. This type of insurance is a requirement of registering and operating a vehicle.

You should consider other forms of motor vehicle insurance to cover other risks and liabilities, such as damage to property or your own or another person's vehicle.

Each state and territory CTP scheme is different. For more information on these schemes, visit your state or territory's vehicle registration authority:

- ACT [<https://apps.treasury.act.gov.au/motor-accident-injuries-commission/compulsorytpi>]
- NSW [<https://www.sira.nsw.gov.au/>]
- NT [<http://www.tiofi.com.au/wps/wcm/connect/tio/website/mac/>]
- QLD [<http://www.maic.qld.gov.au>]
- SA [<http://www.mac.sa.gov.au>]
- TAS [<http://www.maib.tas.gov.au>]
- VIC [<http://www.tac.vic.gov.au>]
- WA [<http://www.icwa.wa.gov.au>]

Common types of business insurance

Common types of business insurance focus on assets and revenue, liabilities, and personnel. These include:

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| Professional indemnity/liability | Protects you from legal action taken against you if someone suffers a loss after following your professional advice or as a result of your receiving your service. |
| Property | Covers damage or loss to buildings, contents and stock caused by insured events and accidental damage |
| Public liability | Covers your business for legal costs and compensation costs that you might have to pay if you are found liable to someone because you caused death or injury, loss or damage to their property, or economic loss due to your negligence |
| Property | Covers damage or loss to buildings, contents and stock caused by insured events and accidental damage |
| Product liability | Businesses that supply, deliver or sell goods, even in the form of services or repairs, may need cover against claims of goods |

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| | causing damage, injury or death. Product liability cover protects you if any of these events happen to another person or business by the failure of a product you are selling |
| Theft and burglary | Theft insurance generally covers your business against loss or damage to your stock and contents if someone forces their way onto your premises, or uses deception to get in to your premises. It usually does not cover cash losses, which can be covered separately |
| Money | Covers your money for theft at the premises, in transit and at your private residence |
| Mandatory motor vehicle accident personal injuries insurance | Every state and territory requires mandatory motor vehicle accident personal injuries insurance for all company or business vehicles. |
| Commercial vehicle | Many different types of policies are available, so make sure you understand the options before making a decision. Consider the three most common options below: <ul style="list-style-type: none"> • Comprehensive • Third party property damage • Third party, fire and theft |
| Tax audit insurance | Covers costs incurred by your accountant, or registered tax agent, when notified by the Australian Taxation Office to conduct an audit or investigation into your tax liability |
| Business interruption | Covers businesses that suffer a loss because they cannot trade for a period of time due to loss or damage from a weather event, flood, fire or other insured interruptions |
| Deterioration of stock | Covers businesses for the deterioration of chilled, refrigerated or frozen goods and stock if a refrigerator or freezer unit storing these goods breaks down and spoils the items |
| Glass | Covers the replacement of external and internal glass, as well as specified glass items |
| Employee fraud or dishonesty | Covers against fraudulent or dishonest actions committed by employees that directly results in loss of money, negotiable instruments or goods |
| Workers' Compensation | Workers' Compensation insurance is compulsory in all states and territories for businesses with a certain number of employees. For more information click here [http://understandinsurance.com.au/types-of-insurance/workers-compensation] |
| Machinery/Equipment breakdown | Covers machinery and equipment used in your business. Some policies may also cover stock damages as a result of the breakdown |
| Goods in transit/property in transit insurance | Covers the loss of, or damage to, goods you buy, sell or use in your business when they are in transit by road, rail, air and sea. It also covers damage to property – such as tools and equipment – while in transit within a defined set of geographical limits |
| Computer and electronic equipment | Covers accidental damage or loss to computers and electronic equipment and data |

End Of Financial Year business insurance checklist

At the end of the financial year (EOFY), it is important to understand your insurance policies and your business requirements. Use this checklist and talk to your insurer or broker to make sure your business is EOFY ready.

- 1. Have you reviewed all your insurance policies and checked your policy inclusions and exclusions? If you don't understand any aspect of your policies, now is the time to contact your insurer or a broker
- 2. Are your business inventory and valuations up to date and reflect current costs?
- 3. Have you bought new vehicles or equipment, expanded the premises in the past year, signed a new lease, hired subcontractors or disposed of any assets?
- 4. Have you assessed the risks to your business? For example, are you in a flood-prone area? What about cyber risk? And the impact of privacy laws on your business?
- 5. What would happen to your business, your employees, suppliers and your customers if your business could not trade due to unforeseen circumstances? Do you have business interruption cover?

Specialised insurance needs

Some businesses have unique or niche needs and may find it difficult to obtain business insurance from major insurers.

Many businesses may require specialised cover such as businesses that operate in the hospitality sector (including backpacker hostels, caravan parks and boarding houses), nightclubs, various trades including commercial building, and 24-hour convenience stores.

The Find An Insurer service lists insurers that offer some less-common types of business cover.

Brokers may also be able to help businesses find the right products and insurer. To find a broker, visit www.needabroker.com.au [<http://www.needabroker.com.au/>] or call NIBA on **1300 53 10 73**.

Business owners also have life insurance products to consider such as income protection insurance, and key person insurance, among others . General insurance does not include health or life insurance. For information on these, visit the [Financial Services Council](http://www.fsc.org.au) [<http://www.fsc.org.au/>] .

Calculating premiums

Each business is unique. Premiums will vary depending on the nature of your business, the risks the business is exposed to, the insurer and the product's inclusions and exclusions.

When [calculating your premium \[http://understandinsurance.com.au/premiums-explained \]](http://understandinsurance.com.au/premiums-explained), the insurer will take many factors into consideration. These factors may include, but not be limited to:

- Type and location of business activities
- Nature of the business
- Size of the business, including the number of employees, premises and business income
- Claims history
- Nominated sum insured
- Products produced and/or sold
- Interaction of the business with third parties
- Risk factors involved in running your business

Discounts and savings

Once your premium is calculated, your insurer can then work out any discounts that you may be eligible for.

Insurance companies may reduce your premium if certain safety and security measures are in place, such as deadlock bolts, fire extinguishers, smoke alarms and security systems. In some cases, these items may be required under the policy.

You may also be able to get certain discounts such as:

- Multi-policy discount
- No-claim bonus

Your discounts will be shown on your current Certificate of Insurance.

If you're registered for Goods and Services Tax (GST), you may be able to claim tax credits for the GST component of your insurance premium.

If you feel your premium is too high, consider accepting higher excess, removing or altering risky activities, asking a broker how to improve your risk management, or seeking quotes from other insurers.

Home-based businesses

Running a business from home can have many advantages and lifestyle benefits.

However, it is not without risks. Home and contents insurance policies may not always cover your business activities and assets in the event of accident, damage or loss.

Household policies might also exclude legal liability that arises as a result of operating a home business, a profession or use of your home as an office.

Some businesses may be able to cover the business as an extension of their home insurance, while other business owners will be better with policies designed for small businesses.

You must immediately notify your insurer if your home will be used for business or commercial purposes.

The type of insurance products that are best for you really depends on your business. Consider the following types of insurance when comparing policies:

- **Public liability** covers people who visit your business at home such as employees, suppliers or customers
- **Insurance for equipment**, inventory, tools of the trade, office furniture or computers
- **Workers' compensation** if you have employees working from your home
- **Fire, storm and theft** cover for the loss of any stock and equipment
- **Business interruption** insurance
- **CTP**
- **Motor vehicle insurance**

You may also consider life insurance policies and insurance for loss of income due to an accident or illness.

For more information on running a business from home, visit [business.gov.au](https://www.business.gov.au) [<https://www.business.gov.au/>] .