



## Small Business Insurance Explained Simply

A plain English Guide for Australia's small business owners



Arthur J. Gallagher  
BUSINESS WITHOUT BARRIERS™



## *How this guide helps you*

If you own or operate a small business, you're probably working long hours, wearing most if not all the hats to make things happen, and dealing with a never-ending stream of issues each day to help your customers and manage your staff. You've probably got little time left over to think about the future or plan ahead.

That's a massive challenge that thousands of Australians have taken up, and it's fair to say that even in the lucky country, times can get tough and small businesses are feeling the pressure of making ends meet.

At Arthur J. Gallagher, we salute everyone who runs a small business as one of our great unsung heroes doing their best for their families, their customers and their communities. And we want to play our part to support you with professional and reliable advice on how to plan for the unexpected.

While we can't do much about dips in the economy, new competitors and some of the other threats your business faces, there are a number of risks that, if properly managed, can save you time and money, and give you much needed peace of mind so you can get on with what you do best in your business.

In our experience, most small business owners aren't insurance experts. So this guide is about helping you to understand some of the risks that insurance can help with and how you and your business can benefit from proper insurance planning.

## What if ...?

**The purpose of insurance is to protect you when the unexpected happens. Let's look at some typical 'what if?' situations that businesses face along with how insurance can help.** *Please note that these are examples only and you should get advice specific to your circumstances.*

When we think about risk, there are some areas of exposure that are common to most businesses and some that are specific to the type of business you have.

### Typical business risks

Here are some typical 'what ifs' that can happen in most businesses, and we have identified the type of insurance that can help to protect you against financial loss for each of these:



*What if... a fire in my café destroyed my kitchen and I had to close for 2 months whilst repairs were made?* A business package policy could cover the cost to repair the kitchen whilst business interruption cover could reimburse you for any lost income whilst your doors were closed.



*What if... there is an unexpected power surge to my office that destroys the server and the computers connected to the power outlets?* An equipment breakdown policy can cover the cost to repair or replace the damaged computer equipment and loss of profits as a result of the breakdown.

*What if... one of my employees caused damage to a client's home when working at the site?* Public liability insurance can cover the cost to repair and restore your client's property for example, by paying for a contractor to perform the repairs.

*What if... I discover that one of my employees has been creating and submitting fake supplier invoices, defrauding the company for over \$50,000?* Crime cover, typically included in a management liability policy can cover a business for employee theft and reimburse the lost money.



## No two businesses are alike

Two newsagents may need similar cover to protect against the risk of damage to property and accidents that may injure customers and staff.

However, one may be in a higher flood risk area or high population area with a greater risk of vandalism, thereby needing greater cover with more generous limits for these risks.



*What if...* **I import homewares and one of the lamps that I import causes a fire by over-heating?** Product liability insurance can cover property damage or personal injury that is caused by your faulty product. Remember even though you may not have manufactured the faulty product, as the importer you could be deemed liable for any defect.



*What if...* **my monthly shipment of supplies is delivered to my warehouse with the packaging damaged and the stock destroyed due to the courier dropping the box in transit?** A Marine Transit policy can cover your shipping and postage and pay the costs associated with replacing the damaged stock.



*What if...* **I incorrectly enter a client's financial data into their accounting software and caused the client to be fined \$25,000 by the ATO for incorrect lodgement of taxes?** A professional indemnity policy could cover the cost to your client as a result of the error or omission in the professional advice or service that you performed.

*What if...* **my employee is injured at work when lifting a heavy box?** Workers compensation insurance covers injury to employees in the course of their employment and in most cases is a legal requirement for employers in Australia. However, each state has its own specific requirements and you should seek advice.

# *How can an insurance broker help you?*

**You use an accountant to give you tax advice. You use a solicitor to give you legal advice. In the same way, it makes sense to use an insurance broker to give you insurance advice.**

An insurance broker is skilled in knowing the right questions to ask to find out the risks you have, and then 'broking the insurance market' to negotiate with insurers on your behalf to find the best deal for you that gives you exactly the right cover you need at the best price.

Many people are skeptical about paying for an insurance broker. The value of an insurance broker comes to the fore at 'the moment of truth' when the unexpected happens and you need to make a claim. That's when our clients can have peace of mind knowing that they can get their business back on track quickly and without worry because they have the right cover in place.

We can't vouch for all insurance brokers, but we can for our own. At Arthur J. Gallagher, here is the process you can expect us to follow to help make your life easier and give you peace of mind.

## **The moment of truth**

At claims time, the first question our clients ask us is 'Am I covered?'. They never ask us 'What did I pay for my insurance?'

Our advice is to make sure your first priority is having the right cover in place. Price is naturally a consideration but should never be your top priority when buying insurance.

## *How we help you*

### *Your business:*

You will meet with an AJG broker who is an expert in your industry sector and can quickly get to the heart of your business to understand what you do, the risks you face, your employee issues and other challenges of running your business.



### *Your risks:*

We will review your current policies, what you're covered for, what you're not covered for, the value for money you're receiving, and the administration effort you face in managing your insurance.



### *Your advocate:*

We then go out to the market to seek out the most appropriate cover at the best price on your behalf. You may benefit from our partnership with leading insurers to offer unique products for many types of cover, including accessing international markets.



### *Your recommendations:*

Following our detailed analysis, you will receive a written proposal for your key risks, recommended solutions and how you can structure your cover more efficiently and cost-effectively.



### *Your future:*

Once we have completed negotiations on your behalf, you will receive a written report from us detailing your current protection compared with tailored recommendations. We'll spend time to make sure you are clear on what you are - and are not - covered for. This helps you to make an informed decision and ensure there are 'no surprises' in the future.



### *Your peace of mind:*

When we receive your go-ahead, we will execute the policies making sure that the paperwork is simple and straight-forward for you. Over time, you can rest assured that we will keep in touch to advise on the impact of any changes in your business, be there for you when you need to make a claim and make sure that your policies remain up-to-date.

# 5 steps to getting it sorted

Before you see an insurance broker, here is our simple 5-step plan to get your insurance planning on the right track.

1

## What keeps you awake at night

As we've said, no two businesses are the same. Insurance can cover many risks and a good starting point is to make a list of everything that could cause an unexpected financial loss in your business. In particular, the things that worry you most are probably the things that need to be managed as a top priority.

2

## Mind the gaps

Leaving risks exposed or under-insured can cost far more than an investment in insurance. Do a stocktake of all your policies to see if you've covered all your bases. For example, if you rent your business premises, check your lease to make sure you are covered to the right limits specified in your lease.

3

## Is your house in order

Next, think about some key housekeeping questions relating to your business. When was your property last valued? When did you have your last health and safety check? (for security, fire protection and so on).

4

## Family first

Make a list of any life, trauma, income protection and other personal insurances. Ideally, you should develop a program that covers both your family and your business.

5

## Go with a pro

Last but not least, compile your preparation and find an insurance broker who you can trust. For convenience, look for a 'full service' broker who can help you with both your business and personal insurances.



## *Why choose an Arthur J. Gallagher insurance broker?*

**Like your business, not all insurance brokers are the same. In us, you'll find a partner that has the same local, open and honest feel that you do because that's part of our heritage and culture as a business.**

The difference is that we're backed by a significant specialist insurance broking capability as part of Arthur J. Gallagher's network of more than 20,000 team members in over 30 countries around the world.

Putting it simply, we aim to earn your trust and deliver on our aspiration 'to position you to financially survive any insurable event' through:

- maintaining local relationships with our clients,
- leveraging our national and trans-Tasman influence with insurance companies to negotiate better deals and more coverage options for you,
- providing you with the 24/7 support and experience of our dedicated national claims team, and
- making the most of our global capability of industry-specific experts and offshore markets for your benefit.

Our insurance brokers are located in metropolitan and regional locations around the country and work across the full range of industry sectors to help businesses, large and small, throughout Australia.



*Locally focused · Nationally resourced · Internationally represented*



SmartProtect

SMARTER INSURANCE SOLUTIONS EXCLUSIVELY  
ARRANGED BY ARTHUR J. GALLAGHER

| *Business*

**Having helped over 100,000 small and medium sized Australian businesses, we have used our knowledge and experience to design a market-leading solution to suit your needs exactly.**

Take advantage of:

- A unique and exclusive insurance solution providing you with wide-ranging cover at a competitive price
- A simple and convenient process to take out and renew your insurance
- A choice to pay your premium in one payment or by the month interest-free
- Working with our brokers who will explain the policy to you in plain English
- The backing of leading insurance provider QBE
- 24/7 claims service so you get help when you need it most.

SmartProtect Business is an ideal foundation for your insurance program. It is only available through Arthur J. Gallagher so speak to us today to find out how we can help you.



*Smarter protection for  
your business.*

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