



# BUSINESS INSURANCE

This guide has been compiled to inform you about business insurance. However, actions taken as a result of this document are at the discretion of the reader and not the Auckland Chamber of Commerce.

## KEY QUESTIONS TO ASK WHEN ARRANGING BUSINESS INSURANCE

*Should I deal direct with the insurance company or appoint an insurance broker to handle all my insurance requirements?*

Unless you are an insurance expert, you should not attempt to arrange any insurances yourself. Most insurance brokers do not charge for their services, they get paid a brokerage by the insurance company, so all their advice and service comes at no cost to you.

*Will any Insurance Broker do?*

No, unfortunately there is nothing to stop anyone calling themselves an insurance broker in New Zealand. To be safe you should only use a fire & general broker who is a member of IBANZ (Insurances Brokers Association of New Zealand). These brokers carry experienced staff and maintain professional indemnity insurance should a problem ever arise. Visit [www.iban.co.nz](http://www.iban.co.nz).

*Is the policy coverage the same from all Insurance Companies?*

There are similarities between the major companies, some larger insurance brokerages have agreed wordings with the insurance companies which provide broader cover than you can arrange yourself.

*Risk Management*

This is a key area in determining your premium, whether it be your overall security, fire protection or simply where you choose to set up business. It all goes into the melting pot to decide your premium. Time spent here with your insurance broker will save you money later.

## WHAT INSURANCE DO I NEED FOR MY BUSINESS?

There are three main areas of risk:

### 1. Material damage

eg. Buildings, plant, stock, etc.

### 2. Business interruption

Loss of profits following an insured event. Could your business sustain a major fire and continue to survive? Statistics show that you will not survive a major fire, flood or earthquake without adequate business interruption cover.

### 3. Liabilities

We are becoming a more litigious country like the USA and Australia. There are many policies available to cover liabilities – the following are some examples:

- *Public liability*  
Protects against third party property damage usually following an act of negligence by you or your employees.

- *Employers liability*  
Protects the employer against actions from employees that fall outside the scope of ACC (eg. mental trauma, stress).
- *Statutory liability*  
Protects the business against actions brought under certain Acts of Parliament (eg. Health & Safety Act).
- *Professional indemnity*  
Protects against damage caused by wrongful advice or design.
- *Directors & officers liability*  
Protects company directors and their officers against liabilities resulting from their obligations under the Companies Act.

## DUTIES OF YOUR INSURANCE BROKER

### Independent advice

Your broker (IBANZ) acts on behalf of you in all negotiations with the insurance companies, from obtaining your first quotations through to renegotiating your renewal premium, to handling your claims. If you deal with an IBANZ member you can rest assured you are dealing with a qualified professional broker.

*This article is based on information kindly supplied by Yesberg Insurance Services Ltd. Paul Yesberg the Managing Director of this Company is a New Zealand Board member of IBANZ.*

## PERSONAL INSURANCE

In addition to specific business insurance you also need to consider insurance for personal protection. Issues you need to consider regarding personal insurance are:

- What is the structure of your business - company or partnership?
- Are you the decision maker?
- Does your business rely on you?
- Anyone else?
- Would your income stop if you stopped working?
- How soon would it stop - weeks/months?
- By how much?
- Do you have debts and liabilities?
- Have you signed a personal guarantee?
- What is the value of your business?
- Do you have co-owners?
- What would happen to your business if one of you:
  - Died
  - Become disabled
  - Had a major illness - eg. stroke, cancer
- What would happen to you if one of the above occurs?
- To your family?