

What is business interruption cover?

Australia's recent catastrophic floods brought home the reality that, sometimes, businesses are forced to close.

If a disaster forces you to shut down your business, business interruption insurance can help it to survive by covering lost income and continuing costs such as rent and wages.

When considering this insurance, you may come across the terms 'indemnity period'. This is the length of time the insurer will continue paying your claim. The standard time is 30 days, though some insurers offer the option of longer periods.

The time you need for recovery will depend on a number of factors. For example, if your business is built on a critical piece of equipment, you should consider how long it would take to replace it, particularly if it's manufactured overseas.

Scope of cover

Whether bought together or separately, each policy will set out exactly what it covers, any conditions you must adhere to and any exclusions.

For example, conditions could include installing automatic fire extinguishers or agreeing to switch on burglar alarms whenever the business premises are unoccupied. An exclusion eliminates coverage for certain types of risks – for example, damage that occurred because you failed to maintain the premises.

Identifying your risk

Business insurance has lots of options and every business has different exposures – so how can you be sure you're covering the right risks?

Steadfast network brokers use a tool that can identify your exposure based on claims by other businesses in your sector. From there, they can help to fine-tune your risk profile by understanding the way you do business and the mitigations you have in place.

So, get in touch with one of our brokers, who can also help you to decide on the amount you should insure by discussing details such as replacement costs, especially when it comes to buildings and equipment.

These may appreciate over time due to inflation and rising costs as new models are made available. The exception is stock, which can be covered for its value rather than for its replacement cost.

Do you have the right cover?

Getting it right means finding the right cover for the best price. For peace of mind, contact your broker today to discuss your business insurance needs.

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