

# Your First Guide to Business Insurance – What is it and why should you be covered?

## What is insurance?

Insurance is a product which you can buy to protect your business against certain risks. You pay an insurance company a premium and in return they promise to repair, replace, reimburse or help your business when something goes wrong.

## Know your risks

As a business owner, you will naturally want to look after your business. It is a source of income for yourself and fellow YES students. When starting your business, you may want to look into insuring your business.

Many risks in running a business are outside of your control. Disruption or damage to your business can involve financial losses, and be inconvenient and stressful while you sort it out.

A recent example of this is a Christchurch YES company had all their product stolen from the car boot. They thought they could claim this on their parent's insurance, but as it was a business product they couldn't claim under their parents' personal insurance. They lost out over \$1,000 worth of products.

Some business risks are easy to imagine because you see them every day on the news like:

- fire at your business premises, or where you are holding your products
- natural disasters such as floods, storms or earthquakes (think floods in Edgecumbe and Earthquakes in Christchurch)
- theft of stock or equipment (through burglary or shoplifting)
- employee health
- courier or delivery service losses
- cybercrime or hacking
- liability for injuries and property damage caused by your products and services
- health and safety breaches
- disruptions in your production processes
- personal liability of staff or directors – if something goes wrong, you or your colleagues may be liable to creditors and customers, and could be prosecuted by a statutory authority