

Insurance

Insurance for your business is important to cover you for unexpected events. Without the appropriate insurance you may be unable to trade or have large out of pocket expenses, which could result in you having to close your business.

In Western Australia, it is compulsory to have:

- workers' compensation insurance if you employ people in your business
- motor vehicle third party personal insurance.

TIP: Most insurance companies bundle insurance policies specifically for small businesses. If you employ staff you should check if [workers' compensation insurance](#) is included.

You can receive *significant financial penalties from WorkCover WA* if you don't have the correct insurance for your staff.

You can tailor non-compulsory insurance options according to the risks associated with your business activities.

Insurance cover can be arranged through an:

- insurance company
- agent acting on behalf of an insurance company
- insurance broker.

The National Insurance Broker Association can assist you to [find a broker](#).

Insurance can be divided into protection for three main categories:

- [assets and revenue insurance](#)
- [liability insurance](#)
- [personal and workers insurance](#).

TIP: If you operate a home-based business your house and contents insurance may not cover your business activities, and in some cases your policy may be void. Check your existing policy with your insurer and update your cover if required.

Assets and revenue insurance

This insurance category covers the loss, damage or theft of your business assets or revenue. Some typical cover types include:

- building and contents
- glass breakage
- motor vehicle
- fire and other damage
- equipment breakdown
- goods in transit
- fraud and dishonesty
- money
- theft
- business interruption.

Liability insurance

You may be responsible for damages or injuries to another person or property caused by your business activities. You can get liability insurance to minimise the impact to your business. Some typical cover includes:

- public liability
- professional indemnity
- products liability.

Personal and workers insurance

It is important to ensure you have insurance to cover the costs of an unexpected illness, injury or accident including:

- workers' compensation insurance – this is mandatory when employing staff
- personal accident, illness and life insurance
- income protection insurance.

TIP: If you are a sole trader or partner you are not covered by workers' compensation insurance. In the event of an illness or accident you may not be able to work and earn an income. Insurance is strongly recommended to cover you in this circumstance.

Other considerations

In regards to insurance policies it is advisable to:

- Shop around to compare prices and features offered by different policies.
- Consider the excess amount payable.
- Update your cover if your circumstances change.
- Review your insurance needs annually and prior to renewal.
- Obtain a cover note if you need to trade before the policy is issued.
- Make sure that your policy includes any mandatory insurance relevant to your business.

More information

- ▶ You can reduce the likelihood of theft, loss, accident and damage for your business by developing a [risk management plan](#)
- ▶ Your industry group or association may also provide insurance options.

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