



## Insurance

# Overview of business insurance

Aon Hewitt Financial Education Series

Running a business can come with risks. Your death, disablement, sickness or injury could seriously risk the ongoing viability of your business. It's important to have plans in place for your family or partner, as well as your business.

It's best to speak to an expert who can structure the most appropriate insurance package to cater for the needs of your business. While we can assist you with putting in place the insurance associated with your business needs, all aspects of your business protection plan should be implemented in close consultation with your solicitor and taxation adviser.

## Keeping your business on track

You may be concerned about your business operating should you become disabled, ill or if you were to pass away. Whilst personal income protection and other insurances may be able to assist you, they should not be relied upon completely to meet the added financial pressure on both your personal and business matters.

There are four basic business protection needs to consider:

### 1. Business Insurance

Business insurance insures your buildings, machinery, shops and materials through standard asset protection policies.

### 2. Business Expenses Protection

Business expenses insurance pays a monthly benefit to cover fixed business costs if you suffer an illness or injury and are unable to work.

This type of cover generally reimburses you for certain regular business expenses, such as rent, utilities, lease costs, or a locum. It's important to note that not all expenses will be covered. This can help to cover your fixed business costs and keep your business afloat while you are recuperating.

### 3. Key Person Insurance

Key person insurance can be implemented to minimise the impact on your business of the loss of a prominent staff member through injury, illness or death. This cover can be used for a number of purposes for example, to provide money to compensate for the loss of revenue or to cover the cost of replacing the employee.

Alternatively, the cover can be used to provide funds to repay or reduce debt, personal guarantees or loan accounts.

For more information, please refer to the 'Key Person Insurance' fact sheet under the Insurance Financial Education Series.

#### 4. Buy/Sell Cover

Ownership protection protects the business owners, ensuring the continuous smooth running or ownership transfer of your business.

Business continuation plans, including buy/sell agreements, can be vital aids in these situations. They essentially help the business owners put in place a plan of action that can be implemented should one of them pass away, or be unable to continue participating in the business due to disability, injury or illness.

For more information, please refer to the 'Buy/Sell Agreements' fact sheet under the Insurance Financial Education Series.

#### Tax deductibility of insurance premiums

Tax deductibility of premiums will depend upon the type of insurance cover taken out, the purpose of the cover and the owner. Generally, if a premium is tax-deductible, the income will be taxable.

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This document, including all tax and super calculations, has been prepared using legislation in place as at the 1 July 2018.