

# Insurance for small businesses with bushfire risks

## What are the key risks posed by bushfires?

Research<sup>1</sup> shows that bushfire risks are rising across Australia, especially in coastal WA, central Queensland and in large parts of NSW, Victoria and the ACT. Bushfires can spread with little warning and can be unpredictable, with the potential to cause damage due to smoke or water as well as the fire itself. Even businesses outside of the fire zones can feel the impact of bushfires, with supply chain disruption affecting their ability to access goods and demand surge increasing the difficulty of accessing some services.

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“Bushfire seasons are getting longer and catastrophic events are increasing, as hotter, drier conditions make fuels more combustible.”

**Bushfire Risk: changing trends across Australia, IAG, 2020.**

## Who should consider insurance? Did you know?

While you can't control the weather, insurance can help to protect small businesses across Australia from the risks bushfires pose to both their premises and trading. Contrary to popular belief, bushfires are not just a threat facing rural businesses. Thanks to the urban sprawl of our cities, outer metropolitan suburbs are meeting the bush and increasing the risk to more businesses Australia-wide.

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### 5.47b

The 2019-20 Black Summer bushfires across Victoria, NSW, Queensland and SA resulted in \$5.47 billion in insurance claims.

Insurance Catastrophe Resilience Report: 2020-21, Insurance Council of Australia.

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### Two-thirds

Two-thirds of Australia's small and medium sized businesses said they were directly or indirectly impacted by the Black Summer bushfires.

NAB SME bushfire impact survey: part 1, 2nd March, 2020.



The most significant impacts on small and medium businesses as a result of the Black Summer fires were a reduction in cashflows, loss of customers and disruption to suppliers.

NAB SME bushfire impact survey: part 1, 2nd March, 2020.

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## What insurance should you take out – and what can it cover?

Insurance can protect you and your employees onsite, on the way to work and at work.

Type of cover	Potential benefits
Business Pack	Helps safeguard your business premises and contents against: <ul style="list-style-type: none"><li>● damage caused by fire, storm or accidental damage</li><li>● equipment or machinery breakdown</li><li>● employee dishonesty</li><li>● glass damage</li><li>● legal issues, such as with public and products liability</li><li>● tax audits</li><li>● theft, and theft or loss of money</li><li>● business interruption, which provides cover for financial loss as a result of an interruption to your business caused by an insured event.</li></ul>
Motor Insurance	Takes care of your valuable business vehicles with cover to help: <ul style="list-style-type: none"><li>● replace or repair a vehicle damaged by fire</li><li>● help if you or your staff damage another person's vehicle</li><li>● repair your vehicle after an accident or replace it if it's written off</li><li>● replace a lost or stolen vehicle</li><li>● safeguard you against legal liability.</li></ul>
Workers Compensation	Can cover the cost of your employees' wages, rehabilitation and medication if they become sick or injured through their work.

### Limits, excesses and exclusions



Policy exclusions, the excesses you need to pay and limits of liability can vary greatly depending on your insurer and the requirements of your business.

### Case Study



Brian runs a water fun park in a popular tourist town in coastal Victoria. While recent bushfires didn't damage his property, his business was impacted by a prevention of access order as Victoria Police shut the main highway, which provided the only way into his business. As a consequence, visitors couldn't get to the water park and Brian had to close, suffering a loss of revenue. Because the interruption was due to the official road closure, rather than tourists simply staying away, he was able to make a business interruption claim to cover his losses.

1 Bushfire Risk: changing trends across Australia, IAG, 2020.

### Contact us today



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### Important note

This general information is provided to assist you in understanding some of the terms, implications and common considerations in business insurance. It does not take into account your specific objectives, financial situation or needs. It is also not financial advice, nor complete, so please discuss the full details with your Steadfast insurance broker as to whether this type of insurance is appropriate for you. Business insurance usually has a deductible/ excess, exclusions and limits of liability.