

Business expenses insurance



We see creating and looking after your wealth as a lifelong commitment. That's why we offer regular financial advice and guidance throughout the different stages in your life. Together, we can build the financial wealth that lets you enjoy the truly important things in your life.

What is business expenses insurance?

If you are self-employed or in a small partnership, your extended absence from the business through sickness or injury can have a major impact.

While generated revenue or income would be significantly reduced, business expenses may not reduce in the same proportion.

If revenue reduces but expenses do not, choices are limited:

- the business can be allowed to very quickly fail as debts rise to an unsustainable level; or
- you can fund the payment of the business expenses from other income you may have or alternatively you can sell personal assets.

Neither scenario can be considered desirable.

Business expenses insurance will reimburse you for the fixed business expense that continues to be incurred while you are unable to work because of a sickness or injury.

In this way both your business and personal finances are protected.

Benefit payment is usually excluded if you suffer a sickness or injury as a result of:

- war or an act of war;
- a self-inflicted act; or
- uncomplicated pregnancy.

However, policies can differ and you need to check the specific conditions that apply to any contract you are considering.

What is wealth advice?

Wealth advice is support and guidance on the best way to manage all your finances. Whether it's adjusting your debts to minimise repayments, saving for a home or a holiday, investing money, planning for your retirement, maximising pension entitlements or ensuring your family are protected if something happens to you, the right advice from the right people will help you achieve your goals faster and more effectively.

What are the chances of becoming totally disabled as a result of a sickness or injury?

More than 60% of Australians will be disabled for more than one month during their working life.

More than 15% will be disabled for more than three months during their working life.

Source: IAD 1989-93 and ALT 90-92

How does business expenses insurance fit into my insurance portfolio?

Term life insurance provides a lump sum payment for your family, to ensure that the plans you had for them can be achieved. It also enables the financial obligations of your business to be met.

Income protection insurance provides a regular fortnightly or monthly, earnings replacement payment if you suffer a sickness or injury and are temporarily unable to work. This will assist you to maintain your lifestyle and that of your family until you are able to return to work.

Trauma insurance provides a lump sum payment if you suffer one of a list of major medical traumas. This will assist you to obtain the best medical and rehabilitation care and also change your lifestyle if you wish.

Total and permanent disability insurance provides a lump sum payment if you suffer a sickness or injury and are permanently unable to work. This will assist you to pay the additional expenses, both now and going forward, that arise as a result of a severe sickness or injury.

None of the insurances listed provide the same type of protection as business expenses insurance.

How much should I have?

What are some typical expenses that will continue even if you cannot work as a result of a sickness or injury:

- advertising;
- audit and accounting fees;
- business insurance premiums;

- business publications;
- cleaning;
- utilities – electricity, gas, water, etc;
- laundry;
- license fees;
- leasing costs of business equipment;
- professional services – legal, etc;
- property rates and taxes;
- rent;
- security services;
- subscriptions to professional associations;
- telephone;
- business mortgage payments; and
- salaries and other staff costs of non-revenue generating employees.

The above is a generic list of the more straightforward expenses; however, as each business is different, your expenses may include only some of the above or even include some additional charges.

At Genesys, we want you to get the most out of life so you can take advantage of any opportunity and be prepared for any challenge – that's what wealth advice is all about.

For more information on business expenses insurance or to arrange an initial no-cost, no-obligation consultation, please call Steve Obst* on: 4725 4727.

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