



Minding your own business: Are you overlooking your office insurance?

When you are constantly focusing on your clients properties it can be easy to overlook your own, however estate agents need to take care that they don't fall into the trap of neglecting their office insurance needs.

According to the Insurance Council of Australia, 94% of small businesses believe they are adequately insured, while in reality, 50% of small business buildings are significantly underinsured.

While cost has always been a major barrier, a growing number of businesses are citing lack of time and accessible information as their main reasons for not insuring.

According to Melinda O'Connor, National Practice Group Executive at Aon, *"Many realtors are simply unaware of the range of insurance products available to them and which of these are best suited to their business."* Melinda recommends simplifying the process by breaking insurance needs into three categories: *"I tell my clients, when thinking about insurance, they need to consider the three P's – Property, People and Profit."*

Property

When considering office insurance, most agents will immediately think about physical assets such as computer equipment, contents and, if you own the premises, the office itself. However one aspect of office property that can be overlooked for insurance purposes is data. Whether electronic or paper, your account records, sales documents and property management files will need to be restored in the event of damage.

Melinda recommends taking out a policy which includes cover for 'Rewriting of Documents' and 'Rewriting of Records'. These benefits provide for the cost of replacing, restoring or reproducing important documents and records, allowing you to get back on your feet as quickly as possible.

People

While the majority (over 98%) of businesses have public and product liability to protect clients, many realtors do not realise the other "People" factor they have to consider is their staff. Employee theft or fraud accounts for 18 % of all financial losses due to crime and arise most often when a staff member steals from the trust account operated by the real estate agent or the general agency account. Realtors can protect themselves from losses due to employee theft by ensuring they have adequate Fidelity insurance.

Profit

The final "P" to consider is Profit, which covers operational risks. If there is a substantial disruption to your business, such as a fire, Property insurance will only replace the building and contents, not the income lost while you are out of service. *"'Business interruption' insurance provides cover for your normal business profits while your business gets back on its feet"* says Melinda.

When considering Business interruption, it's important to factor in extra expenses that may occur in addition to your regular financial commitments. For example, if storm damage forces you to relocate temporarily, you may find yourself faced with a range of additional costs, such as rental of

temporary offices, placement of advertisements in the local newspapers and a mail out to tell your customers and suppliers where you are now located.

Make sure you establish a relationship with a trusted broker who will take into account both your industry and your individual risk exposures.

Aon is able to provide professional guidance and assistance on a range of insurance options. As a broker, Aon works hard to negotiate the most competitive combination of cost and cover for all our clients.

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