



Ep.126

Insurance Hacks For SMEs Part 2

TALKING LAW

WITH **MEENA WAHI**

Talking Law

Episode 126 - Insurance Hacks For SMEs Part 2

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Transcript

Joanna: Meena, welcome on board to part two of our two-part series talking all about the brand new Aspect SME Insurance Welcome on board.

Meena: Thank you, Joanna. aspect SME insurance is a great business as I think it meets the unmet demand from SMEs for those policies.

Joanna: Such a confusing area. And in part one, we really dug into some of these reasons why I think it's so important for businesses to consider insurance as part of their whole risk management strategy. But today, what I really want to touch on some of the types of insurance that are out there, because I think this will be a bit of a surprise, perhaps too many of our business listeners, because it certainly was a surprise to me. And of course, I work in risk management from a legal perspective, but just the breadth of the areas that are available for insurance for really reasonable prices was something that really fascinated me because I knew some of these insurance existed. But in my mind, it was quite an expensive option. But as we started talking, I just realized how cost-effective many of these policies really are. But let's start off

perhaps by talking about some of the types of insurance that are available Meena. Maybe with the number one, let's start with number one. What do you think is sort of the key insurance that businesses should have? And what policies go with that?

Meena: Oh, good question. You know, let's take a hypothetical example of a start-up SME business, you know, a person has worked in an industry and for 20 years and starting a new business way, the thing that, you know, the experience and skills can come in handy, they want to invest a bit of money, they get a loan from the bank, and here, they have an SME, and they come to you, Joanna, and now for your legal advice and contracts and everything. And they say, Now, you know, do I know what insurance is to be required? Because they've been told that, you know, their business must get insurance. That's where the conversation starts. And you try to find out what industry the business is in? How many employees they're going to have? And what is the revenue going to be for the next 12 months? So it's a brand new business or not? And normally, they would not have a claim history. Otherwise, you would ask them, Do you have a claim history on any of your insurances? So to start there, like, you know, we recommend to every business to have what is called the Management Liability Policy.

Joanna: Hmm. And talk us through that Meena? What does that mean? What is Management Liability Policy,

Meena: so a management liability policy covers liability risk, which the business owner is going to take on as an owner of a business that operates within a legislative environment.

Joanna: and the colloquial expression for this and I think this is perhaps the terminology that business owners are most often used to hear is that Director and Officer insurance, so protecting against those risks that you hold, as a Director of or Officer of a business.

Meena: That is right, it is like, you know, the directors, personal liability, the personal liability of the officers and directors of the business. But it is also the corporate liability that, you know, what is your liability as a corporate or a business while operating in an environment that's, that's driven by a lot of compliance and a lot of legal obligations. And you know, I did my company director course from the Australian Institute of Company Directors last year, and I'd have been a board member of Bendigo Bank, community branch and realize that the whole director is directors and officers, responsibilities and their role is, is a complex landscape Joanna, any breach of that responsibility by the directors or by the business can lead to fines and penalties and, and legal expenses, which a business may not be prepared for. So here so management liability policy or directors and officers liability policy cover for coverage for alleged wrongdoings by the corporate the entity itself or by directors and officers, which can stem from a breach of any of the responsibility under law or guidelines that are generally accepted to be to adhere to, or else there's also the fiduciary duty of care that you know, as in for example as an employee, you are bound to behave in a certain way towards your employees, towards your customers, towards your shareholders, and what are those duties and how you can be in breach of duty duties as a business director, so management liability policy covers for employment practices liability, it has coverage for directors and officers liability, corporate liability, it covers for tax audit cost. And it also covers for instances such as you know, cyber risk, which can be an add on and it also would cover insolvency cover should the policy or should the business

not be able to pay off its debts. And if that incurs any direct liability on the directors and officers, then the insolvency cover, triggers.

Joanna: And these are just such important things because we've had a number of clients who have faced massive claims against them in relation to alleged breaches of the director's duties. And it's just that the problem is that that is personal, that's a personal exposure. And it's just incredibly emotional for a director when they become aware, and when they may not have been fully aware before how exposed they are personally and their personal assets are. And I just there's so many instances that I've seen that I just, you know, this sort of insurance could have saved massive, you know, heartache for the individual directors involved. So I just think it's such important insurance. There were some other things you talked about they Meena the tax audit insurance, which I think you know, can be a bit of a stress for businesses, sometimes this concern that maybe there's not, you know, done things absolutely correctly, there might be some sort of hidden risk element in their business that might trigger or might be picked up during an audit or just that there's an audit and they lumbered with the huge costs that relate to it. And also cyber, I really want to talk about cyber because that is. Cyber insurance is one of those things where you know, this area of cyber risk is a newish sort of area, you know, it's really come to the fore in the last day, I guess, maybe four or so years. Is that right? Meena? And that's, you know, we say all the time, we've had a number of clients that have suffered massive losses due to cybercrime attacking their business. And this is just such a when you talk about sleep easy at night insurance, this is this has got to be one of those sleep easy at night insurances for businesses to have.

Meena: I agree. I agree, Joanna. And you're also right in saying that in the last four years or so, cyber risk has become the top risk for businesses. And if we did a survey, and asked, you know, what keeps you awake at night? The cyber risk would be number one.

Joanna: Yeah, absolutely. What's in the headlines all the time, but I don't think it's just scaremongering in the headlines. You know, we see it in our client base. And that's certainly one of the things that I've seen in terms of issues that businesses have suffered. This is one of the things that I've seen climbing over the past few years that had sort of, you know, there not been a lot of it prior to that, but we've seen instances of you know, clients have lost 60 100 hundreds of 1000s of dollars in attacks on their business from a cybercrime perspective. And I just want to talk about some other insurances as well, because that management liability directors and officers, liability insurance is, you know, certainly something that I think is really important to discuss. And, and of course, we provide insurance relating to that general liability, business insurance and your professional indemnity insurance. And all of that is perhaps part of a more well known understand body of insurance notwithstanding, I think the reality is, as we've had many discussions before, businesses don't necessarily always get it right, in terms of what type of policy they've chosen, nor in terms of what they're actually paying for, versus what they're getting that whole ROI topic that we talked about in our last episode, and we really going to drive into some of these distinctions in our webinar together, where we really talking about some of the opportunities in insurance, some of the ways that businesses can swap out current insurance, pay the same amount and potentially get heaps, you know, a better approach to cover, and also, where SMEs often go wrong with the insurance. But what I just want to touch briefly on now is some of the other insurances that businesses may not have read. realized existed. So here

are some great ones, I just want to touch on them really briefly, IP insurance, I think this is a great one because we deal with businesses in brand protection all the time. And indeed, I talk about trademark registration as one of the best insurances you can get for the business, but you can actually get insurance on your insurance. Because the thing is, getting a trademark registration isn't the end of the story. You know, and maybe if you can just walk us through really quickly, some of the things in this IP insurance, the businesses may not have realized.

Meena: Yes, very true. Like you said, just simply registering your trademark is not the end of the story. What you have as a result of your trademark registration is protection, that trademark is now your intellectual property right. And you can claim ownership over a brand or a logo or lettering that a name that signifies or represents your business. However, you know, there are so many instances of our businesses complaining that, you know, a competitor down the road has come up with a very similar branding, which has confused their customers in believing that, you know, they're just going to the same business. And very soon, you know, half the customers have walked to this new business next doors, because, you know, symbolically that business is quite similar.

Joanna: Absolutely. And I was just gonna say, you know, this is what we talk about all the time with our clients because we see claims all the time. So we do a lot of work in to cease and desist action to stop other parties from infringing on our clients, trademarks, but sometimes it's around the other side from the defence as well. But this is the amazing thing, that the sort of insurance can cover all of these sorts of actions. Is that right? Meena?

Meena: Yes, absolutely. So trademark insurance covers for litigation risk, which is like you said, you know, defending against a third party claiming that your business has infringed their trademark or else you know, if you feel that you know, someone another business is infringing on your branding, then you enforce your trademark rights, if you have a registered trademark, it gives you the right to enforce and the insurance actually pays for the legal expenses, the legal representation, and it's great, you know because SMEs need that protection and, and the ability to offset the financial loss and the financial risk, basically.

Joanna: How good is that? That's just amazing. I just I love that I just think that's such a great, it's a great opportunity for SMEs because you know, you've got this asset and then this insurance gives you that strength, that protection to ensure that you know, once you get that registration, you can actually ensure that you can take action to stop others, you know, from using it because I think that whole concept of legal costs does feature in people's minds completely understandably, but to be able to have insurance to cover that just amazing. And just one other thing that I want to touch on another type of insurance that I want to touch on before we sign off here is some of these industry-specific insurances that we have. We've got tech liability, medical indemnity insurance. So there's, you know, other than just talking about general business risks, we've also got these specific tailored types of insurances by industry, or by transaction, of course, we've also got merger and acquisition, business sale and acquisition insurance that's available for that transaction race, particularly for sellers of SME businesses. So it's just, I mean, you know, there's so much protection here, the businesses don't generally understand and that's so much more affordable than they've perhaps even realized that I just think it's one of these things that you're nuts if you don't go and get a bit of a review of where you're at, and where you could be in terms

Meena: Yes, exactly. You know, it's always a good idea to get an insurance health check is your insurance broker telling you, you know, what insurances you need, or if a review of your current insurances and you know, whether you have the right policies, the right cover in place, and if you're paying too much many times, I noticed that, you know, clients are paying too much on the insurances, or they have combined different policies in an ineffective way because of which their insurance premiums have gone up or they've got two different offices and they've got two different insurances. While if they combine the two different locations under one policy, they would pay less. Things like that I noticed all the time and I wish clients would review the insurances every now and then and that can result in savings but Also, you know better protection. Yeah, have the right insurance or the right coverage or the right limits in place. So it actually goes a long way to look at your insurance as a means to you know, protect your profit and save you that extra cost later on.

Joanna: Brilliant Oh, look, Meena I'm so excited with this launch of aspect SME insurance and I think because you come at it from that management consulting background, you come at it from that perspective of really understanding ROI, why SMEs need to make sure they're making the right decisions about where they spend their money, where you coming at it from the perspective of all these amazing examples that you have of people who've come to you, and you've been able to find them, not just better insurance.

But then savings at the same time, I just, you know, I'm just so excited about what we can now offer to our clients. And just a couple of call-outs. Number one, a reminder that you can book in a free insurance health check with Meena, just check out our show notes, and we'll link right through to that booking engine, so you can book in directly with Meena. There's no cost, no-obligation, but it's highly likely we're going to be able to find you either a better outcome or be better costing. And then, of course, we've got a webinar coming up. So click into our show notes once again, to register for that webinar. And we'll have it live. And that's the best way to see it because you'll be able to ask and get answered any of your individual questions, but we'll also have an on-demand version available so make sure you register by checking out our show notes page. I mean, I just want to say a massive thank you and I'm so excited Welcome on board to that aspect family.

Meena: Thank you, Joanna I'm very excited too and I look forward to being part of the aspect family and growing that great brand that you built through years of hard work and you just have this great personality.

Joanna: That's so sweet man. Uh, but you know, and I guess on that point, you know, we are business owners, we get it, like, you know, we understand what it's like to run a business because we run a business. And I think that's one of the things that many times people have commented to me that sometimes they feel like it's a bit different to talking to normal lawyers when they come to us. And the reason for that is because we get the imperatives here of managing cost with the outcome. And that's really where we're coming at this insurance element from, you know, it's ensuring number one, you understand risk from a broad perspective. But number two, also how to get that risk protection in the most commercial way. And that's it. Join us for our webinar, book yourself in for a strategy call. Meena, it has been such a pleasure having you on the

podcast. We'll do a few more of these because I really want to dig into some of these stories and case studies along the way. Thanks for having Meena.

Meena: Thanks Joanna.