Fact sheet – First Nations startups

#7 Insurance needs

Setting up and running a business involves risks. Whilst businesses can take their own steps to mitigate risks, taking out appropriate insurance policies is a way of limiting the personal financial impact of those risks should they eventuate.

Businesses should consider their need for insurance when they are initially starting up, when hiring employees or engaging with contractors, when initially offering products or services, when hosting or running events or when their circumstances change. The kinds of risk a business is exposed to depends on many factors, including the types of services they offer, whether they lease a premises, whether they hire employees and whether they interact with members of the public. Having the right type of insurance is essential to running your business and ensuring you are protected from the risks and liabilities you may encounter as a business owner.

What types of insurance do you need?

There are many different types of insurance and not all types will be applicable to your business. When starting a business, you should discuss your insurance needs with an industry-specific insurance broker to help assess and determine the best coverage for you and your business. This is also helpful to assess what types of insurance are a requirement of your business, as some insurance policies are mandatory.

To determine what insurance is appropriate for your business, you should undertake a risk assessment about the types of incidents, losses and risks your business could face and identify the key items or services that are imperative for your business to operate. When conducting your risk assessment, consider the profit or loss of that item to the business if something goes wrong, and consider the potential cost incurred by your business to fix it. Some examples of the main types of insurances are below.

Types of insurance

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Building and contents insurance: Usually covers loss or damage to your premises and its contents, in the event of fire, power surges, storms, theft or vandalism (depending on the specific policy).
This type of insurance is often a requirement for commercial leasing arrangements, so it is best to check the conditions of your lease when taking out this type of coverage and confirm with the landlord the extent to which they are liable for obtaining building insurance.

Note, this type of insurance often contains an exclusion in the policy for damage caused by flooding. If the policy does include flood cover, it uses a standard definition of 'flood' meaning overflow or escape of water from natural or man-made bodies of water. This can be important if your business is located near rivers, creeks, or coastal areas, where heavy rain or cyclone-related flooding can cause major losses.

The standard definition of 'flood' does not include rainwater that has collected on or flowed across normally dry ground or has overflowed from swimming pools or spas. For instance, in heavy rainwater may run down a normally dry slope and collect on a downhill property. This is often referred to as 'run-off'. Some insurers also provide run-off cover and so if your property is likely to be inundated by run-off, you should speak to your broker about obtaining a policy that covers 'run-off'.

If you operate in cyclone-exposed regions, ask your broker whether your insurer participates in the Cyclone Reinsurance Pool and whether any mitigation discounts apply to your business property.

Business interruption insurance: Often taken out as an extra to your building and contents insurance. This insurance is designed to cover financial losses where an unexpected event requires the business to shut down for a period. Depending on the level of cover, business interruption insurance will continue to pay rent, utilities, staff, and other business expenses necessary to keep the business running.

Key person insurance: This is designed to protect businesses (particularly small organisations or startups) where a key person whose knowledge and skills are crucial to the business dies or becomes unable to work.

Cyber insurance: Protects businesses against losses arising from fraud, hacking and information stealing, copyright breaches, data recovery and cyber extortion. This insurance is particularly relevant to startups and businesses that retain personal or private customer data because of the financial and legal consequences to businesses as a result of data breaches.

Many cyber-insurers expect you to meet the Australian Signals Directorate's Essential Eight baseline i.e. multi-factor authentication, regular tested backups, and patching. Being able to show policies and test records of this can improve premiums/coverage. You should speak to your broker or insurer about whether premium discounts apply.

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Public and product liability insurance: This insurance will protect against legal liability to pay compensation to third parties for personal injury, death and property damage that may occur as a result of the business' activities; damage caused to people or property by faulty products; and the legal costs a business might incur to defend these types of claims. If you have customers or clients who attend your premises, this insurance will also typically cover injuries they might sustain while on your premises.



Professional indemnity insurance: This insurance may be necessary for a business offering professional services to a client. It covers your business for legal and financial compensation for neglect, error or omission if a client claims your services caused them a loss.



Workers' compensation insurance: This insurance is a legal requirement for any business or employer that employs staff. This type of insurance covers businesses for liability arising from personal injuries suffered by their staff. Contractors, volunteers (in certain instances), directors and officers (who are not employees) are generally not covered by workers' compensation insurance. Remember that a person in your business may hold multiple roles, it should be clear to both the business and that person when they are and aren't covered by this insurance.



Volunteer personal accident insurance: New businesses regularly engage the services of volunteers who form an integral part of the business' day to day operations. Unlike paid employees, workers' compensation insurance doesn't usually cover volunteers and exceptions are rare. Whilst public liability insurance may cover your business for liability arising from personal injury claims suffered by others as result of your volunteer's negligence, standard public liability policies may not cover your business for liability for injuries suffered by volunteers themselves. As a result, volunteers' injury claims can be specifically insured under this type of policy.

Compulsory third party insurance (CTP): CTP insurance in Queensland is mandatory insurance that covers the cost of a person's injuries if they are injured in a motor vehicle accident caused by you or another driver of your registered vehicle. It is a required part of vehicle registration and covers the at-fault driver's liability for the injuries to third parties, who can be other drivers, passengers, cyclists, or pedestrians. CTP does not cover damage to vehicles or property. There are several CTP insurers in Queensland and you can nominate one of those insurers when you renew your vehicle's registration.

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Comprehensive vehicle insurance: Comprehensive car insurance is the highest level of vehicle protection, covering damage to your car from events like accidents, theft, fire, and weather. It also covers damage your vehicle causes to other people's property and vehicles. It is important to compare who is covered by your policy against who will be driving your business vehicle. For instance, some policies require all drivers to be named. It may be more convenient to obtain a policy that covers all authorised drivers. Some policies also impose a higher excess on young drivers. You should consider whether your business vehicle is likely to be driven by young drivers and whether that higher excess is appropriate.

In terms of damage to your business vehicle, you can generally nominate whether the vehicle is insured for a particular sum, for market value or on a new-for-old replacement basis. If your business vehicle is of limited value, third party fire and theft car insurance can also be considered. It does not cover damage to your business vehicle unless caused by fire or theft but does cover damaged caused to over property. The option you pick will influence the premium and this is something you can discuss with your broker.

Main things to be aware of:

1. **Research -** Do your research and obtain quotes regarding the best policy for you, your business and your budget.
2. **Read and understand it -** Read the terms and conditions properly and ensure you understand what is covered and what is not, particularly in the context of what is important to your business. If you are unsure as to the extent of your coverage, ask your insurer or your insurance broker and keep a record of communications they provide in response to your queries.
3. **More than one document -** Remember your insurance policy may be made up of more than one document, including the certificate of currency, policy wording and separate endorsements to the policy. It is important that you read and understand all of the terms in those documents including any exclusions.
4. **Keep it handy -** Keep the details of your insurance policy handy, in case of natural disaster, theft, property damage or cyber-attack. You want to be able to easily locate your details in times of emergency and it is recommended you keep a spare copy of your insurance policy documents and contact details stored in a separate location to your business premises and main computer system.
5. **Keep up to date -** Keep your insurance policies up to date and ensure you pay your premium payments by the due date. Failure to do so will likely result in a claim during the unpaid period being declined.
6. **Regularly review your insurance needs** – Insurance is not something to set and forget. As your business develops and grows, your insurance needs can change. Your insurance policies need to be regularly reviewed, particularly when you are considering any changes to your business.
7. **Notify your insurer -** It is important to notify your insurer as soon as possible of any event causing loss or damage occurs; a claim is made against your business; or any fact or change in circumstance which may create a claim in future.

Please see our other Fact Sheets for First Nations startups here.

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Disclaimer

The content of this fact sheet is current at October 2026 and is intended to provide a general guide to the subject matter only. The fact sheet does not constitute legal advice. Obtaining specialist advice about your specific circumstances is recommended.