

Insurance for small businesses with flood risks

What are the key risks posed by flooding?

Flooding can have a devastating impact on your small business, causing damage to your premises, fittings and fixtures, plant and equipment and stock and disrupting your ability to trade.

Even businesses outside of the flood zones can feel the impact of flooding, with supply chain disruption affecting their ability to access goods and demand surge increasing the difficulty of accessing some services.

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 posed by flooding to both their premises and trading. Any business located on a creek, lake or river should consider adding a flood insurance extension to their property policy.

"Flood insurance covers the situation when normally dry land is covered by water that has escaped or being released from a lake, river, creek or other natural watercourse, or a reservoir, canal or dam."

[Flood Insurance, Understand Insurance, Insurance Council of Australia.](#)

2.8%

About 2.8% of Australian properties have moderate to extreme risks of flooding, while about 7% have some flood risk.

Flood Insurance, Understand Insurance, Insurance Council of Australia.

\$1m

Of those businesses that were either fully or partially inundated by flood water during Queensland's 2011 floods, 17% said the total cost of the damage they experience was more than \$1 million.

Impact of the Queensland floods on business, Chamber of Commerce and Industry Queensland, February 2011.



Floods in Australia are expected to become more frequent and intense.

Royal Commission into National Natural Disaster Arrangements Report, October 2020.

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">• damage caused by fire, storm or accidental damage• equipment or machinery breakdown• employee dishonesty• glass damage• legal issues, such as with public and products liability• tax audits• theft, and theft or loss of money• business interruption, which provides cover for financial loss as a result of an interruption to your business caused by an insured event• the risk of flooding.
Motor Insurance	Takes care of your valuable business vehicles with cover to help: <ul style="list-style-type: none">• replace or repair a vehicle damaged by fire or water• help if you or your staff damage another person's vehicle• repair your vehicle after an accident or replace it if it's written off• replace a lost or stolen vehicle• safeguard you against legal liability.
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



Vicki operates a popular riverside restaurant in NSW, which is flooded when an intense east coast low causes rainfall that results in the river bursting its banks. The flood water inundates the building damaging stock, fittings and fixtures. However, as Vicki had understood her flood risk and added both a flood extension and business interruption insurance to her business pack policy, she was fully insured for both the physical damage caused to her business and the loss of trade.

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.