



**IUA**

**Interruption Underwriting Agencies**

part of the calliden group

# Cashflow Insurance

...a guide  
for  
business  
owners



# Why is Cashflow Insurance so important?

Cashflow is important to a business because without it a business can not function.

Not only does cashflow pay the owners of the business and their assets, a continued flow of cash enables the business to meet customer needs, keep payroll flowing to staff, and pay interest on any loans and debts.

Furthermore when assessing the value of a business a common method is looking at future cashflow, or goodwill of the company. Although this value is intangible, unlike the tangible assets of a company like building and equipment, it is an increasingly important component of the valuation of a company. Loss of cashflow is loss of company value.

**So why risk it by not covering your cashflow?**

## Another way to look at it

Typically people will insure

- their business physical assets
- themselves
- their cars
- their houses
- ... even their pets.

But when the business is interrupted due to a fire or an interruption from a supplier, the cashflow stops coming out of the business to the owners. This cashflow is as important as other tangible assets that are insured.

**It's not worth the risk.**

## What are the Risks involved in not having Cashflow Insurance?

### **Risk 1 – Disruption to your business**

If your company does not have cashflow insurance and a disruption happens you would have to fund the recovery of your business yourselves. Often companies will not have the cashflow to do this and/or it will be delayed without technical claims support.

### **Risk 2 – Impact on business stakeholders**

Disruption to operations and cashflow impacts ability to meet the needs of key stakeholders including customers, key staff and corporate stakeholders (e.g. banks) which often challenges the ability of the business to fully recover.

### **Risk 3 – Loss of goodwill**

Your company could lose goodwill and associated value in the company from loss of future earnings resulting from non-recovery.

## What are the Risks involved of not having the right type of Cashflow Insurance?

### **Risk 4 – The possibility of underinsurance**

One of the main risks of having a packaged policy is the expectation gap for the insured. The penalties from underinsurance, common due to the difficulty of estimating future cashflow, leverages the gap in cover through the average clause where applicable.

### **Risk 5 – Loss of income due to time excesses**

Packaged policies tend to have time excesses, which means they will wait a certain amount of time (e.g. 48 hours) before a claim qualifies under the policy. With the IUA Standalone Cashflow Insurance claims assessment start immediately - there is no time deductible which will help your business get on its feet faster.

### **Risk 6 – Material damage claim interference**

Another key risk of a packaged policy is the management of the cashflow insurance claim alongside the material damage claim by the one assessor. Often the cashflow insurance claim will be an afterthought and not paid till late in the process, resulting in the insured being cash strained in the meantime and potentially suffering loss in customers.

**At IUA we have specialised loss assessors working solely on the cashflow claim.**



## The IUA Claims Guarantee

We know the policy you choose makes a real difference to business' ability to recover after a claim.

IUA's claims process and management means that you can resume business and be back on your feet faster.

IUA now guarantees the excellent claims service it provides to its customers.

The services it guarantees include:

1. Within 72 hours of the claim being reported to IUA, a Loss Adjuster will contact the insured/broker
2. Within 48 hours of payment authorised by IUA, a release will be issued to the adjuster & broker.
3. Within 48 hours of a release received by IUA, payment to the insured will be made.
4. Payments to the insured will be made on a weekly basis throughout the indemnity period, upon receipt of adequate financial information

### We back this up with a Claims Promise:

If IUA does not meet these guarantees, an automatic **\$1,000 cash back** will be paid to you, the insured.

## IUA's Standalone Cashflow Insurance versus Business Packaged Policies

**You've seen the risks of not having the right cover, so how does IUA compare?**

The standalone cashflow insurance product

1. has a **quicker claims response** and is targeted at providing cashflow in the event of a disruption
2. is not as an afterthought to the material damage claim
3. allows the insured to have a **specialised loss adjuster** solely focused on getting cashflow back to the business
4. has no average and no deductions for savings which means **you get the cash flowing and you know how much you will receive.**

## Claims Case Study

**Will your business get the claims response it needs?**

### Business — Meat Wholesaler

Meat Wholesale including processing servicing domestic clients and international.

### Event — Fire

- Fire caused by a ceiling fan overheating
- Fire spread quickly throughout and engulfed the main meat processing building
- Due to the extent of the fire the beef boning and packaging operations were totally disrupted.
- Indirect disruption to supplier and customer related companies' turnover

### Response

- Day 1** IUA were notified of the fire at 3pm on 16 November Adjuster appointed and site inspection carried out
- Day 11** IUA formally accepted liability
- Day 16** First claim payment recommendation received
- Day 17** Release issued
- Day 21** Payment made same day as releases received
- Weekly** **cashflow payments continued**
- Day 31** Lumped Extension payments made
- Day 60** Claim finalised and settled



## Claims Testimonial

*"I was engaged by IUA as their Loss Adjuster in relation to this substantial Business Interruption claim. In that capacity I was most impressed with the way IUA developed a close working relationship with the Insured, the Broker and our office, during the life of the claim. Decisions to progress the claim were made quickly. In accordance with the policy contract IUA made weekly progress payments to the Insured, giving them peace of mind around managing their ongoing business expenses.*

*It has to be said the overall management and service given to the Insured on this claim was nothing short of excellent."*

*Malcolm Mansfield - LMI Group, February 2010*

*"IUA offers a simplified policy wording that is easy to understand. I was able to explain to my client (a meat wholesaler) in simple terms how we calculated their sum insured and how it would pay out in the event of a major interruption to his business.*

*Once indemnity was established payments came every week within 48 hours of us providing the weekly figures.*

*The additional benefits under the lumped extensions were extremely valuable (including paying for the costs of the insured's own appointed loss adjusters).*

*IUA's policy has no co-insurance and there were no deductions to the claim for savings that were achieved during the disruption to the business."*

*David Sarre, Director, Sarre Insurance Broking Services*

## Contact Us

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