

FACT SHEET:

A bookkeeper's guide to applying for insurance

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FORM FILLING IS USUALLY THE THING BETWEEN YOU AND SOMETHING YOU ACTUALLY WANT OR NEED, BUT AS EVERY GOOD BOOKKEEPER KNOWS, GETTING YOUR PAPERWORK IN ORDER IS THE KEY TO A HAPPY LIFE. AND WHEN IT COMES TO INSURANCE, IT CAN ALSO BE THE KEY TO WHETHER YOUR CLAIM IS ACCEPTED OR DECLINED.

An extra 10-15 minutes spent completing the application form could literally be worth tens of thousands of dollars in claim pay outs, if not more. So take your time, read the fine print and make sure you declare more than you think the average person would find remotely interesting about you and your business.

Chantelle Charlton, lead adviser for the ICNZB Bookkeepers Liability Scheme, says insurers view the application form as part of the contract of insurance between the policyholder and the insurer.

"When it comes to claim time, insurers will refer to three documents – your application form, your policy schedule, and the policy wording. If there's any discrepancy whatsoever between these three documents, the insurer will push back."

The application form provides the information insurers use to assess the level of risk you present- the likelihood there will be a claim against your policy, and how much it will cost them.

"Insurers do not like surprises. They especially do not like the sort of surprises that come along with once-over-lightly application forms."

Mark Rogers, co-lead for the Bookkeepers Liability Scheme agrees. *"Insurers love schemes because they can build a meaningful membership risk profile. For example, by collecting claims related data points over time, insurers get a better understanding about the type and frequency of claims, the average cost of claims, and the specific business activities that are most at risk of resulting in a claimable event."*



Suite 12856, PO Box 106910
Auckland, Auckland City 1143



0508 422 692



www.icnzb.org.nz
info@icnzb.org.nz

"Large insurance schemes are effectively big feedback loops, which benefits members and their businesses, and insurers alike."

So what part can you play to help things along?

Chantelle says brutal honesty is the best policy. *"You're not selling your business. This is not the time to put your marketing hat on and talk up what you do on an everyday basis."*

In fact, the opposite is true. Chantelle says she's seen too many applications for various insurance schemes where people have talked up their business, effectively pushing them outside the scope of a scheme into another risk rating.

Marks says the classic example would be bookkeepers who say they mostly provide accountancy advice rather than accountancy services.

"If you mainly provide accounting advice, then you need to be rated as an accountant in terms of the risk profile your advice activities present to the insurer, because that's what's most likely to get you into trouble under your Professional Indemnity Policy."

"Our Bookkeepers Liability Scheme is purpose built for bookkeepers and uses the ICNZB definition of a bookkeeper to determine the scope of the scheme. The ducks are all in a row."

Of course, that's not to say Abbott Insurance Brokers can't assist if your business does fall outside of the scheme's scope.

Chantelle says the insurer will just want the opportunity to review your application if you don't fit the criteria for the scheme, and that's preferable for you, too.

"There's no point having insurance if it's not the precise fit for you and your business."

"At best you're paying for something that does not meet your needs and, at worse, you've paid for something that you can't claim against."

Mark and Chantelle say that's why business owners should not try to go it alone with insurance.

"It's tempting to think you can buy insurance online in a matter of minutes – job done. But buying off the shelf insurance products from direct insurers is often lowest common denominator stuff," says Mark. "Plus, they hold the claims pen when things go wrong so how easy is it for you to hold them to account?"

Free insurance reviews

Abbott Insurance Brokers is offering ICNZB members free insurance reviews. The team will look at all your insurance covers – business, house, car and contents – and advise where there may be protection gaps with your current cover.

They can also help you access the only purpose built liability scheme for ICNZB members.

Contact Chantelle or Mark to find out more at icnzbinsurance@abbott.co.nz

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