

5 reasons to insure your SME

Given the anticipated tough year ahead, it is essential that SMEs take the necessary precautions to adequately protect their businesses against all specific identified risks by reviewing and updating their short-term insurance policies.



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Malesela Maupa, head of Insurer Relationships at FNB Insurance Brokers, says when reviewing your policy, it is important to communicate with your broker and advise them of any new business activities or operations that may potentially affect your risk profile to determine if there are any new risks that you should be aware of.

Maupa unpacks the top five risks that South African SMEs should consider getting cover against this year:

1. **Cyber crime**

According to the World Economic Forum's Global Risk Report, cybercrime remains the greatest threat for businesses around the world, making it essential for SMEs to have this type of cover in place. Cyber risk is very broad, as it includes a variety of risks related to financial losses, disruption or damage to a company's reputation resulting from data breaches or failure of its information technology systems.

"Cyberattacks continue to be a great risk as SMEs are easy targets. Over the last couple of years there has been an increase in the number of reported cybercrimes," adds Maupa.

2. Extreme weather events

The climate change phenomena in South Africa is on the increase, and continues to be a major risk for businesses, with fierce tornadoes, storms, flash floods, the spread of wildfires and heatwaves.

For instance, in the past few months, KwaZulu-Natal were hit by tornadoes and heatwaves which also impacted parts of Gauteng, Eastern Cape and KwaZulu-Natal areas.

3. Labour unrest and strike action

In light of the high unemployment rate and service delivery issues, amongst other challenges faced by consumers, it is difficult to rule out a potential increase in the frequency and severity of riots, strikes and protests this year.

Therefore, it is essential for businesses to ensure that special risks cover is in place from the South African Special Risks Insurance Association (SASRIA).

4. Ongoing drought and water crisis

The ongoing issue of water shortages and drought conditions in some areas of the country is a reality that cannot be ignored. This continues to have a major impact on a number of sectors, including agriculture and tourism.

“The lack of water further increases the risk of fires spreading, sprinkler systems not being effective, low water pressure in fighting fires and wild fires etc.,” says Maupa.

5. Environmental liability

Changes in environmental legislation compel businesses to be more responsible by reducing their environmental impact. Businesses are now being held more accountable and responsible for clean-up and rehabilitation costs.

“Reviewing your short-term insurance policy regularly will give you peace of mind knowing that you are protected against specific, identified risks, while focusing on running your business more efficiently,” concludes Maupa.

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