

Retail Bike Shop Insurance

When your insurance renewal arrives, before automatically paying the bill, there are a few key questions you must ask?

- What am I actually covered for?
- Is it the right insurance for me?
- Can I get better?

If you are looking at your insurance, have a look at the information below and go through the checklist when reviewing your insurance and managing your business risks, and remember -

- Insurance is part of a business's process to minimise risk and should be reviewed regularly.
- Insurance is not a replacement for good business practices.

What products and services do I offer (and yes a shop ride is a service)?

The first step is to work out exactly what products and services you actually provide!

Bike shops can offer a range of products and services to customers. From the sale of bikes and their parts, clothing & accessories, to maintenance & bike repairs, coffee and food sales, or even custom bike design and manufacturing.

Other unique services provided can also include bike hire, rentals, shop rides, mechanical support at events or the operation of bike tours. These types of activities attract a degree of risk for the bike shop owner, ranging from property, liability to staffing etc and therefore makes it essential to have the right Insurance in place for protection if something goes wrong.

What insurance is important for bike retailers?

Its important that your insurance program is designed to protect you from losses that may occur in the normal course of business. Work with your broker to understand what types of insurance a bike shop specifically needs and the application of different product types.

Don't be afraid to ask questions!

Some of these coverage types include:

Property (including contents, stock and business interruption)

Property insurance protects your business premises, stock and contents against damage caused by fire, storms, theft (including theft of cash), vandalism, accidental damage and other insured events.

It can also be extended to cover Business Interruption (reimbursing lost profits if you're unable to operate as usual due to damage). This cover is important – if you had a fire, for instance, you could lose months of revenue while still having to cover expenses like staff wages, supplier invoices, rent or loan repayments.

Public & Products Liability

This covers you if a third-party claims that your negligent business activities caused them injury or property damage. Retail bike shops can be held liable for placing a defective product into the hands of a consumer. If you have responsibility for a product defect that causes injury, you may be liable along with manufacturer. For example:

1. A customer slips and falls while on your premises or gets injured during a test ride.
2. A defect in a bike or accessory you've sold or repaired causes injury to a customer (a customer alleges that their brakes failed after you did a tune up).
3. A fire starts in your rented shop and the landlord alleges you are liable for damage to their building. Storage of old eBike batteries is one example of an ignition risk for fire that should be understood and managed.

If you brought the product into Australia yourself (eg from an offshore online supplier) you are deemed to be the manufacturer

These claims can be incredibly expensive. Even if you're not at fault, you may still incur considerable legal costs while defending a claim. Public liability insurance covers your legal defence costs to defend these claims – and covers settlements or damages you have to pay.



Portable Equipment

Portable Equipment insurance covers you anywhere in Australia (not just at your premises) for loss and damage to tools, laptops, mobiles and other portable equipment you use.

If you sponsor a local event away from the shop, and provide mechanical support, are you covered if your tools are stolen?

Goods in Transit

This covers loss or damage to your goods while they are being imported, exported or transported within Australia. Example – you send bikes between shops or order new accessories from a supplier – and they are stolen or damaged in transit. It’s often better to have your own insurance for this, than to chase a supplier or courier for reimbursement.

Professional Indemnity

If you provide any advice for a fee (such as cycling related workshops, coaching or nutrition), you might need professional indemnity insurance. This protects you if someone sues you because you gave the wrong advice, or because following your advice caused them financial loss. Note – public liability insurance will cover incidental free advice you give on how to use products you sell.

Workers Compensation

This protects your business and your employees if they suffer a workplace injury or illness. Any business that employs staff or contractors and pays more than \$7,500 per year in wages must have workers compensation insurance. Workers’ Compensation is mandatory in Australia - but the requirements and legislation are different in each State and Territory so it’s best to get advice from a broker to ensure you’re covered correctly.

Cyber

A growing area of concern, Cyber protects you against risks such as computer hacking, malicious viruses, ransomware (extortion), and theft of data or money by cyber criminals. Bikes shops are not exempt from these types of exposures, and small businesses are often seen as easy targets as they often have less mature cyber security.

Cybercrime is on the rise – and if you use a computer, email or EFTPOS, your business is at risk. Criminals find it far easier to target SME businesses than big firms with high security. Three in five Australian companies experience a cyber security

breach every month. That’s where cyber insurance comes in – to help Australian businesses, including bike shops are at high risk of ransomware attacks, data breaches and financial crime.

1. Ransomware attack - your files are encrypted by a hacker and left inaccessible unless you pay a ransom. If your network is down, this quickly impacts your revenue and reputation.

You are forced to either pay a large ransom or incur expensive IT costs to restore your systems and recover data.

2. Data breach - cybercriminals steal data (e.g., names, addresses, credit card or account details) about your customers or staff. This is then used for identity theft, fraud or extortion.

3. Financial crime – criminals trick your staff into paying them (posing as you or a supplier); hackers may also transfer funds from your account or change supplier account details on your system or invoices.

If your revenue exceeds \$3m, you’re now required by law to notify everyone whose data has been affected, including all customers, suppliers or agents. You risk reputational damage, loss of customers, and even litigation. Cyber insurance can protect you for all these risks.

Management Liability

If you own or manage a business, you’re responsible for keeping numerous stakeholders happy, and for ensuring your business complies with thousands of regulations and laws. If you’re a director, your personal assets are on the line if you make a mistake. Management liability insurance covers you and your business against actual or alleged mismanagement of your business.

Management Liability insurance can also cover:

- Employment Practices claims made against you by current or former Employees, such as wrongful dismissal, bullying, harassment or discrimination.
- Statutory Liability – your legal costs (and sometimes fines or penalties, where legally insurable) if a regulator such as Workcover brings an action against you for a breach of legislation.
- Theft or fraud by employees.
- Accountants’ fees incurred in connection with tax audits

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An insurance broker can provide more information about these types of products and other requirements such as sums insured and indemnity limits etc.

Be honest with your broker, they cant help you find the right product if they don't know what you actually do.

Who can I contact for further advice?
Contact Network Insurance Group for a free review of your Business Insurance needs today.
Contact Your Cyclecover team at Network Insurance Group for assistance:

m: 1300 733 055 | e:
info@cyclecover.com.au | w:
www.cyclecover.com.au

Important note: This information has been provided by Network Insurance Group and is provided to assist you in understanding Business Insurance. It is not complete. This information provided here is general advice only and has been prepared without considering your objectives, financial situation or needs. You should obtain advice from a qualified insurance broker on this cover to ensure it is appropriate to your requirements.



AUSTRALIAN BICYCLE INDUSTRY FACT SHEET

ARE YOU COVERED FOR	YES/NO
• Theft	
• Fire and perils	
• Flood	
• Public and product liability	
• Goods in transit	
• Business interruption	
• Glass replacement	
• Workers' compensation	
• Cyber attack	
• Activities away from the shop/portable equipment	
• Training programs	
• Professional indemnity	
• Management liability	
• Property	



When talking to your insurance broker make sure you include all your shop activities.

ACTIVITIES UNDERTAKEN	YES/NO
<ul style="list-style-type: none"> • Sell bikes <ul style="list-style-type: none"> ○ Allow customers to test ride bikes ○ Assess customers riding ability prior to test ride 	
• Sell e-bikes	
• Sell clothing	
• Sell bicycle accessories	
• Online store	
<ul style="list-style-type: none"> • Repair bikes <ul style="list-style-type: none"> ○ All repairs test ridden by staff ○ Staff wear helmets when undertaking test ride ○ Mechanics have formal qualifications 	
• Repair e-bikes	
<ul style="list-style-type: none"> • Store e-bike batteries <ul style="list-style-type: none"> ○ Store e-bikes in a fireproof box 	
• Sell food (not pre-packaged)	
• Sell drinks (not pre-packaged)	
• Lead shop rides	
• Run bike maintenance courses	
• Run bike mechanic training programs	
• Hire bikes	
• Hire helmets	
• Provide loan bikes	
• Lead bike tours	
• Provide coaching services	
• Provide bike fit services	
• Build wheels	
• Purchase goods directly from offshore suppliers	