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Insurance cover for contractors

As a contractor, you may lose money if you don't have the right insurance. In some industries having the right insurance is a condition of getting the contract. Here's where you can find out how to protect yourself.

Look for an insurer with a good credit rating, compare cover and shop around.

For tips on buying insurance, visit the Sorted website.

[Buying Insurance\(external link\) \(https://sorted.org.nz/guides/about-insurance?gclid=CJmm6fz8xdMCFdsDKgodmXUDMO\)](https://sorted.org.nz/guides/about-insurance?gclid=CJmm6fz8xdMCFdsDKgodmXUDMO) — Sorted

Cover to think about

What insurance you'll need depends on the industry you're in and what you do. Talk to an insurance broker about what best suits your situation. Here are some of the types of insurance you might ask about.

Liability insurance

This protects you if someone sues you or an employee for damaging their property or reputation. It also covers you if — without meaning to — you:

- break the law
- make a professional mistake, eg give bad advice.

This kind of insurance is important if you're in an advisory role, eg a consultant. It's also a good idea if you have the potential to damage other people's buildings, equipment or belongings, eg a cleaner or a painter and decorator.

Policies differ, but they generally cover you for:

- compensation costs — money you'd have to pay to the organisation suing you, if their case was successful
- legal costs
- other costs you may have to cover defending your case, eg any reports you might need for your case.

Business interruption insurance

This covers you for losses if you can't trade after a disaster, eg a fire or an earthquake.

[Continuity and contingency planning \(/risks-and-operations/planning-for-the-unexpected-bcp/continuity-and-contingency-planning/\)](/risks-and-operations/planning-for-the-unexpected-bcp/continuity-and-contingency-planning/)

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Commercial property insurance

This covers you for damage to buildings you own, eg from fire, flooding or earthquake. Note: If you work from home, household insurance does not cover your property if you're using it for work.

[Natural disasters\(external link\) \(https://www.business.govt.nz/news/natural-disaster-being-prepared-better-for-business/\)](https://www.business.govt.nz/news/natural-disaster-being-prepared-better-for-business/)

Asset insurance

This protects items you own and use for contracting, eg computers, furniture, tools and stock, from things like theft and damage. Make sure you know what your policy covers you for. There are two main types:

- indemnity — the most common policy type, which takes wear and tear into account when paying your claim.
- replacement — this policy pays the full costs of replacing an item.

Commercial vehicle insurance

If you use a vehicle for work you may need a commercial vehicle insurance policy.

Transit insurance

This covers you if equipment or stock is damaged when you or a freight company is moving it.

[Common business assets checklist \(/risks-and-operations/equipment-premises-and-assets/common-business-assets-checklists/\)](/risks-and-operations/equipment-premises-and-assets/common-business-assets-checklists/)

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