



**andrew warren associates**

**SOLICITORS & BARRISTERS**

**MORTGAGES & FINANCE**

## The right business structure could have prevented this...

In a recent case a hard working couple ran a panel beating business. They had built the business up from scratch, and never bothered too much about getting business advice. They believed that simple hard work would get them by. And it did, for a long time.

After some twenty years of hard work they had finally paid off the mortgage and now owned their own home. They were earning a reasonable living out of the panel beating shop. The kids were at high school and they were just starting to put some money aside for their retirement.

One afternoon they sent the apprentice down the road in their work vehicle to pick up some parts. Unfortunately for them, the apprentice had a serious motor vehicle accident on the way that resulted in their work vehicle being destroyed, along with the brand new motor vehicle with which the apprentice collided. Fortunately nobody was seriously hurt.

Not so fortunate was the result when they made a claim on their insurer. Hidden in the fine print of the insurance for their motor vehicle was a clause providing that there would be no cover provided if the driver of their motor vehicle was aged under 21.

This left our hardworking couple out of pocket for not only their own car, but responsible for the damages (in excess of \$55,000) to the other party's car. The total bill came to about \$80,000.00.

The only way our hardworking couple can meet that bill is to sell their family home. After twenty years of work you'd think they deserved better, wouldn't you?

What makes this tragedy even worse is that by adopting the right business structure, our hardworking couple could have protected their home and never ended up in this position in the first place.

If you are in business, or thinking about going into business, then the most important business decision you can ever make is to protect your assets, especially your family home. You cannot presume that insurance will save you – ask anybody who dealt with HIH, just for one example.