

brokerwise

Brought to you by: **Council of Queensland Insurance Brokers Inc**

Welcome to brokerwise

Within the pages of this quarterly newsletter we plan to bring you a variety of interesting stories, opinions and news items.

in this issue

Premium pay
...the easy way.

Spellcheck?
...computer says no.

Public Liability
...too close to home.

ID Theft
...charge it to me!

Premium pay (2)
...do it by the numbers

Public Liability cover
...de facto Workers Comp?

Insurance cover
...for any endeavour.



Cash flow boon

Since the late 90s insurance premiums have risen sharply. Although there has been some levelling off in recent times, premium increases, albeit slower than previously, are a fact of modern life.

As premiums increase there is further pressure placed upon clients to assume greater risk to their businesses by accepting higher excesses, or much worse, reducing the scope of cover which could prove disastrous to the business in the event of a claim.

The irrefutable fact is that your annual insurance bill will continue to be a major business expense and possibly painful, especially if you pay it in a lump sum.

Premium funding can be the ideal solution to the cash flow blues by allowing you to pay your business insurance premiums throughout the year in flexible monthly instalments.


The premium funding product first became available in the early 80s and has experienced steady growth since. In the past few years the market has grown considerably, not just with big business but right across the board through all demographics of business.

The growth can be attributed to increasing premiums and the trend for business to manage cash flow by deferring expenditure wherever possible.

Consider the advantages of premium funding for your business:

- Provides an additional line of credit without affecting your established borrowing facilities.
- Allows retention of working capital which would otherwise be divested in an upfront insurance payment.
- Assists with cash flow management.
- Allows you to take advantage of commercial opportunities.
- Your business can afford the insurance protection it really needs.


Unlike many financial products the paperwork is minimal, straight-forward and usually consists of a one page contract and a bank direct-debit request form.

Call our office and ask for more information about breaking your insurance premium bill down to bite-sized pieces with premium funding. 



Spell-checkers nightmare!

Acording to rscheearch at an Elingsh uinervtisy, it deosn't mttar in waht oredr the ltteers in a wrod are, the olny iprmoetnt tihng is taht the frist and lsat ltteer are in the rghit pclae. The rset can

be a toatl mses and you can sitll raed it wouthit a porbelm. Tihs is bcuseae we do not raed ervey lteter by it slef but the wrod as a wlohe and the biran fguiers it out aynawy. 

Visitors bearing writs

A family arranged for a friend's seven-year old to visit for a sleepover with their daughter.

The two girls awoke early the next morning and while the rest of the household slept, the girls strapped on their roller skates and attempted to roller skate on the dirt outside. This being difficult they then tried roller skating on the trampoline. The little visitor fell and her right arm collided with the trampoline frame, resulting in serious damage to the elbow.

The parents of the injured child sued and the case went to Court.

The now defendant parents, claimed that they had specifically told the children that they were not to play on the trampoline. Their lawyers asserted that the risk was an obvious risk (ie a risk that would have been obvious to a reasonable person) and that by disobeying instructions the child had substantially contributed to her own misfortune.

The Court disagreed and held that the defendants had breached their duty of care. The Court had based this decision on the fact trampolines are meant to be

jumped upon and there was a day-to-day risk of falling off the trampoline. The defendants should have foreseen this and upturned the trampoline thus preventing unsupervised use.

The Court also held that contributory negligence was not a consideration as the child was only seven years old. The Court awarded the plaintiffs \$104,000. This amount in an Appeal was later reduced to \$64,000.

It seems our responsibilities to and for others tighten about us and this case is just one more example highlighting this very fact. Of course we all need to be mindful of our responsibilities to others but just where the lines and limits of responsibility are drawn seems to become harder and harder to understand.

This type of claim can knock on our door at any time and when it does we have two options, pay for the damages out of savings or borrowings, or, have in place a suitable public liability cover. In this instance, it is hoped that the defendants had their house and contents insured, because, if this was the case, then personal liability cover included in the policy would have covered their losses in this event. 🐶

Stolen wallet – stolen identity

Here's a story and a few tips from the personal experience of lawyer friend, Peter H, following consequences of an event we all dread - losing our wallet, or purse to a thief!

He writes... the loss of my wallet and cash in it was one thing but the documents within were a record of who I am and where I live. Within a week the thieves had ordered an expensive mobile phone, applied for a visa credit card, had a line of credit approved to buy a computer, received a PIN number from the motor transport authority to change my driving license details on-line... and more.

Peter eventually got over the 'inconvenience' (to put it mildly) and offers this advice to help our readers avoid similar problems and other potential financial upsets.

1. Firstly, get a complete picture of what is in your wallet. Place the contents on a photocopy machine. Do both sides of each; licence, credit card, etc. You will then know what you had in your wallet and all of the account numbers and phone numbers to call and cancel. Keep this photocopy in a safe place.
2. The next time you order a cheque book have only your initials (instead of first name) and last name put on them. If someone takes your cheque book, they will not know if you sign your cheques with just your initials or your first name, but your bank will know.
3. Do not sign the back of your credit cards. Instead, put "PHOTO ID REQUIRED". (An excellent safety measure but



it could cause delays at the check-out).

4. When required to, put your work phone number on your cheque reverse instead of your home phone. If you have a PO Box, use that instead of your home address. If you do not have a PO Box, use your work address.

5. If your wallet is stolen, file a police report immediately in the jurisdiction where it happened. This proves to credit providers that you were diligent.

6. Call the national credit reporting organisations immediately to place a fraud alert on your name. I had never heard of doing that until advised by a bank that called to tell me an application for credit was made over the Internet in my name. The alert means any company that checks your credit will know your information was stolen, and they have to contact you by phone to authorise new credit.

Worth a look is a Credit Alert service offered by a credit reporting agency that helps protect against identity theft. For a small yearly fee they will email you every time there's an addition or change to your credit file. Contact Baycorp Advantage (www.mycreditfile.com.au).

Peter concludes...By the time I was advised to do number 6, almost two weeks after the theft, all the damage had been done. There are records of all the credit checks initiated by the thieves' purchases, none of which I knew about before placing the alert.

Since then, things have settled down and life's back to normal...so far. 🐶

Proposal, Disclosure, Payment

Sometimes, paying the premium is not enough.

There are three important parts to the process to ensure insurance cover is effected and binding when establishing or renewing a policy.

1. Complete and submit the proposal.
2. Disclosure if appropriate under the terms of 'Your Duty of Disclosure'.
3. Pay the premium.

Ideally all three should be done at the one time but many clients just send the premium payment cheque and think that's it, all done and dusted. Not so. Here's a reminder of what you must do to complete the transaction.

The proposal form you submit forms the basis of the contract and it is the submitted details on the proposal that allows the underwriter to decide to accept, alter or reject the proposed risk. To delay the submission of the proposal form could prejudice a claim which occurs after the cover has been arranged but before the proposal has been given to the underwriter for consideration.

Duty of disclosure by the proponent is written in law. Not to disclose information which could be pertinent to the acceptance of the insurance by an underwriter could legally allow the underwriter to reject a claim.

Do the 1,2,3 and avoid the risk of no cover or expiry of cover. 🐻



De facto Workers Comp

If you engage contractors instead of PAYG employees or if you are a builder and use sub-contractors, your Public Liability insurance may have to pick up the tab for injury to these contractors or sub-contractors if the injury occurs on your premises or job site.

As they are not considered to be PAYG employees they will not be covered by your Workers Compensation Insurance through WorkCover Queensland. Effectively they are self-employed and as such are unable to obtain WorkCover. Even if they take out Personal Accident or Income Protection insurance they may still have a right to make a damages claim against you under Common Law.

Employees of your contractors and sub-contractors may also be injured on your premises or job site and make a claim under the WorkCover policy which by law must be taken out by the contractor or sub-contractor to cover their employees. In these events WorkCover will pay the injured employee a weekly benefit and/or a damages award. However, if WorkCover considers you to be totally or partially at fault they may seek to recover their payout from you.

This is where your Public Liability policy becomes a de facto Workers Compensation insurer for injuries to your self-employed contractors or sub-contractors and their respective employees.

This is unfortunate for the Public Liability insurers who probably have not factored in any premium for the Workers Compensation component of the cover.

In the current competitive insurance environment, and under community pressure to keep premiums down following legislative reforms designed to limit the number and size of injury claims, the insurers are unlikely to increase their Public Liability premiums for this contingency any time soon.

There is a trend however to impose a high excess on Public Liability insurance claims involving "workers on site", in particular builders and civil contractors. The excess can be from \$10,000 up to \$50,000 for injuries to other contractors, sub-contractors and their employees.

Now that's a very good incentive to implement a comprehensive Workplace Health & Safety plan and make sure that everyone on site adheres to it. 🐻



We've got you covered

Different strokes for different folks... and that extends to insurance. As brokers we get involved in all kinds of weird and wonderful industries and occupations but whatever the endeavour, there's an insurance policy in there somewhere.

Outdoor event organisers of fairs, sporting events, race meetings and outdoor concerts are in big trouble if it rains and no one turns up. But if they have been prudent they would have arranged a Pluvius insurance policy.



Pluvius? No, it's not a medical term. Pluvius (Latin: literally 'sender of rain') is another name for the Roman god Jupiter. During long droughts the ancient Romans called upon 'Pluvius' to open up the heavens and 'send it down'. (We wonder if Pluvius had

another name...Hughie!)

This type of insurance cover provides payment of an elected sum insured should a certain quantity of rain fall within a given space of time which can be before or during the named event.

Golf Day sponsors often offer a prize for a hole-in-one shot. They may offer a new car, a motorised golf cart, an overseas holiday or other fabulous prize. In most cases the prize is a very generous one but the prudent sponsor opts for a smaller outlay up front by paying a premium to an Insurer who then runs the risk... and suffers the large payout, if one lucky (or talented!) golfer gets a hole-in-one.

Another big ticket item in the industry in recent years is Events Cancellation insurance. This type of insurance pays out an agreed sum insured to the organisers should the event have to be cancelled because of an unforeseen happening. A recent example of an event cancellation would be the Kylie Minogue concerts when the star fell ill.

Finally, an Italian Insurer announced recently that they were offering Hair Insurance for those who feared a lack of hair in the future. The cover insures the policy holder against going bald. Naturally, conditioner applies. 🐱

Full circle

At age 4 success is...
not piddling in your pants.

At age 12 success is...
having friends.

At age 17 success is...
having a drivers licence.

At age 35 success is...
having money.

At age 50 success is...
having money.

At age 75 success is...
having a drivers licence.

At age 80 success is...
having friends.

At age 85 success is...
not piddling in your pants. 🐱

wisewords ... on listening.

No man ever listened himself out of a job.

Calvin Coolidge

Make sure you have finished speaking before your audience has finished listening.

Dorothy Sarnoff

A good listener is usually thinking about something else.

Kin Hubbard

Be sure ...before you insure!...ask your Council of Queensland Insurance Broker about...

COMMERCIAL AND RETAIL INSURANCE

- Business Property
- Business Interruption and Loss of Rent
- Liability, Money, Glass Breakage
- Burglary
- Machinery Breakdown
- Computer
- Goods in Transit
- Contractors Risk
- Motor
- Tax Audit

LIABILITY

- Public Liability
- Products Liability
- Professional Indemnity
- Directors and Officers
- Employment Practices Liability

PRIVATE AND DOMESTIC INSURANCE

- Home and Contents
- Car, Caravan, Boat and Trailer
- Travel

INCOME PROTECTION INSURANCE

- Long Term Disability
- Sickness and Accident

LIFE, SUPERANNUATION, PARTNERSHIP

- Mortgage Protection
- Key Man
- Term Life
- Superannuation



The CQIB represents over 50 Queensland firms employing nearly 400 staff and placing \$400,000,000 in annual premiums. The CQIB charter is to maintain the level of professionalism of its members by the sharing of knowledge, information and ideas.

For more information visit
www.cqib.org.au

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