

# 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.

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## Work, Rest and Play

After a year of toil in the aftermath of Australian Financial Services legislation accreditation turmoil, insurance brokers across the state of Queensland looked to the south east for the glimmer of light that beckoned with the promise of good times.

Yes folks, that not-to-be-missed event on the insurance broker's calendar, the 13th Council of Queensland Insurance Brokers (CQIB) Annual Convention was on again over the May Day long weekend with the location and the venue once again Legends Hotel at sunny Surfers Paradise.

Over 300 delegates made up of brokers, underwriters and sponsors, their partners, spouses and staff worked and played hard over the three days of daytime seminars and presentations which, happily, were balanced with fun evenings of entertainment, good food and wine.

Of course being an insurance broker's bash, there was the pleasure of a long Sunday drive - but only if the ball stayed on the fairway - with an afternoon at Palm Meadows golf course.

The time as usual went all too quick and before we knew it, the last day Brunch was on with delegates and their families enjoying a morning of high spirits, prizes, presentations and speeches.

A good time was had by all with thanks being due to Legends Hotel staff, CQIB sponsors and especially, our hardworking Convention committee who once again delivered a winner. 🦉



Now here's a likely bunch of "me hearties" with faces only their shipmates will recognise and their mothers could love. Saturday night at the CQIB Convention was 'Pirate Legends Night' with the ballroom awash with swash and buckle. We don't know precisely who this crew are but there's no doubt that they all work in the insurance industry. (Please, no jokes about insurance people and pirates!) Well, even those in the financial services professions need to let their hair down once in a while. Looks like these scurvy characters succeeded!

Photo by Ray Lawler

## VALE Mercantile Mutual

Famous old Australian company, Mercantile Mutual, departed the industry earlier this year after one hundred and four years of insurance trading.



Mercantile Mutual was first listed in 1901 and in 1981 was taken over by ING. The name lived on until 2001 when it was re-branded under the ING name, however, the Mercantile Mutual name was retained in a joint venture as QBE - Mercantile Mutual until January 2005 when QBE took over ING's 50% share of the business. Current Mercantile Mutual policies are now being progressively renewed through QBE.

Farewell to a great Australian insurance company. 🦉

## Car thefts fall

Good news for most! The number of vehicles stolen and reported to the police in Australia in 2004 was 85,275, that's 10,000 less than 2003 and a whopping 25,000 less than 2002.

In Australia overall, one in 167 registered vehicles was reported stolen in 2004 which is a 10% drop over the previous year. (Closer to home, thefts in Queensland dropped in 2004 by 8% or approximately 12123 vehicles). The recovery rate nationally was 76% (almost 19,000 vehicles) but unfortunately this figure has been decreasing each year, meaning that professional and organised theft must be rising whilst the joyriding type theft has been reducing.

The use of immobilisers in vehicles reduced the risk of theft to one in 457 - if you have an approved Australian Standards unit but a cheaper, non-compliant immobiliser doubled this risk.

The statistics also show that older vehicles over twelve years old account for over 70% of all thefts. In general these older vehicles were built with only minimum security and were easy targets even for the mug thief. The year's top targets in this category were Holden Commodore VL, VN, VK, and Ford Falcon XF and EA11.

The figures revealed that more motor cycles than ever are being stolen, especially off-rovers, and less than one in three are being recovered. This suggests professional thieves are at work with these stolen bikes being "reprocessed" for future sale.

The figures generally are reassuring, especially for those with recent model vehicles, and particularly those with Australian Standards immobilisers – however, our vehicles are never completely safe even if we lock them, cover on-view belongings and avoid parking in out of the way or dark places. As always, insuring a car for its market or agreed value is the best financial protection available.

Even with insurance, there is little or no compensation for the inconvenience of theft, including loss of vehicle use, time lost reporting the loss, perhaps losing no claim bonuses, loss of policy excess and time taken searching for a replacement. Few of these inconveniences are included in your motor vehicle insurance policy and are burdens you can do without.

So be mindful of the safe-keeping of your vehicle. If you don't, there is someone nearby ready to take it off your hands. 🐼



## Policy Title

It is important to ensure that all parties who are to be insured by an insurance policy are included in the policy title and that they are correctly named. The full names of each partner in a partnership or the full names of each party who trades under a registered business name or trading name should be shown.

Likewise, if a company or one or more individuals is a trustee, the name of the trustee and the trust should both appear in the title.

A trading name or registered business name by itself is not correct and may even be confused with other similar names. As the registration of business names is a state matter it is quite possible for exactly the same name to be registered in another state.

Quite often a broad brush approach is taken when there are several subsidiary and closely associated companies, such as the addition, for example, of the words "and

all associated and/or subsidiary companies, trusts, partnerships, joint venture partners, principals, contractors or other related or contractual entities now in existence or hereafter formed, constituted or acquired for their respective rights and interests". One should be careful that any such entities fall within the definition of "The Insured" set out in the policy and in particular that their coverage is not limited by the wording of the definition. If the intention is to obtain greater coverage for an entity than is provided under the definition, the wording of the definition will need to be changed by negotiation with the Insurer.

One thing to remember is that even if a party is a named Insured, insurable interest needs to be proved before a claim can be sustained.

Please contact us if you have any queries or concerns about title on your insurance policies. 🐼

## Public Liability premiums fall

According to the latest report on liability insurance from the Australian Competition and Consumer Commission (ACCC) premiums have dropped by up to 15% whilst Professional Indemnity insurance premiums have reduced by up to 17%.

This is welcome news to many interested parties but some industry experts from the legal fraternity are saying that the recent tort law reform was not a contributor to these reductions.

The Insurance Council of Australia has said that the effect of the law reforms will not be fully evidenced for a few years yet. This is because both public liability and professional indemnity insurance claims by their very nature can take many years to settle, hence the difficulty in determining accurately the specific result and true

figures for any given year.

The reform has also placed some limitations on “slip and sue” cases by adding personal responsibility to the equation. As a consequence, it appears that fewer people are suing companies and councils and this is having a positive, that is, downward effect on premiums. This, together with the reductions reported by the ACCC show at least that the market has stabilised and should allow insurers to maintain and perhaps even lower premiums further.

Unfortunately, the availability of lower premiums does not automatically and immediately apply in every individual premium assessment but the outlook is brighter and is a nice change from the barrage of skyrocketing premiums of the past few years. 🐶

## Food donor liability protection

The Queensland legislature has acted in response to concerns from charities that companies are refraining from donating food due to fear of being held liable for death or injury resulting from beneficiaries eating the donated food.

While claims for death and injury arising from donated food are not particularly common in practice, there is a belief amongst charities that companies have refrained from donating food in the past for fear of such claims arising. Evidencing this belief is the fact that introduction of similar legislation in other jurisdictions has led to an increase in food donations by companies.

The Queensland legislation states specifically that a person will not incur liability for death or injury arising from consumption of donated food if:

1. The food was donated in good faith for a charitable purpose with the intention that the consumer of the food would not have to pay for it;
2. The food was safe to consume at the time it left the possession or control of the donor; and;

3. The donor has informed the person to whom the food was donated of any relevant food handling requirements or time limit for its consumption.

The amendments are effected by Part 5 of the Justices and Other Legislation Amendment Act 2004 which amends sections 38, 39 and 79 of the Civil Liability Act 2003. 🐶



## English is easy?

There is a two-letter word that perhaps has more meaning than any other two-letter word in the English language and that is “UP.”

It's easy to understand UP, meaning toward the sky or at the top of the list but in the morning, why do we wake UP? At a meeting, why does a topic come UP? Why do we speak UP and why are the officers UP for election and why is it UP to the secretary to write UP a report? We call UP our friends; we warm UP the leftovers and clean UP the kitchen. We lock UP the house and fix UP the old car.

At other times this little word has real special meaning.

People stir UP trouble, line UP for tickets, work UP an appetite and think UP excuses. To be dressed is one thing but to be dressed UP is special.

Had enough yet? How about these... a drain must be opened UP because it is stopped UP.

We open UP a store in the morning but we close it UP at night. When it threatens to rain, we say it is clouding UP. When the sun comes out we say it is clearing UP. When it doesn't rain for a while, things dry UP.

One could go on and on, but we've made our point... it's time to shut UP. 🐶

# Be prepared for a MEDIA AMBUSH

For most of us, our dealings with the media are confined to reading the newspapers, watching TV or listening to the radio.

Very few of us will ever be interviewed by a journalist and even fewer still will be subjected to the experience of the ambush interview.

What is an ambush interview?

Perhaps an ambush interview is best characterised by the approach of TV programs like 60 Minutes which became famous for its foot-in-the-door interviews. While it is highly unlikely that 60 Minutes will come after readers of this newsletter, there may come a day when you have to deal face-to-face with an aggressive journalist when you least expect it.

So what can you do to prepare? The best way to answer this question is by way of illustration. Let's say your business had a disgruntled customer who complained to a journalist friend at a local TV station about being seriously let down by your products or services. And, being a slow news day the journalist smells blood. Yours!

He turns up on your doorstep with a cameraman looking for answers to questions designed to set you up for a fall.

You need to remember two things: (1) TV is all about images. (2) TV is not about long-detailed explanations. If you look guilty, TV will capture this look

If you try to make long-detailed explanations, the chances are very high that this will be edited to a short "grab" - a statement of a few words only which has you looking guilty of something.

What to do? Throwing them out or threatening to call the police is not a good idea and will only make them more tenacious.

Firstly, you should do everything you can to remove the "heat" from the situation.

Invite them into your office. Buy some thinking time with statements like: "I would love to give you a quote but I'm not actually the official spokesperson for the company, let me contact him/her quickly, explain the situation and get him/her to chat to you". Or, "I'd be happy to speak with you but please allow me a few minutes to get up to speed on the issue".

Secondly, if the journalist insists on shooting footage, you might say: "Look, while I'm quite happy for you to do this, our customers (or staff) may find this very uncomfortable so let me check if it's OK with them. Also, I would prefer it if you didn't shoot any footage from behind our counters for security reasons."

Thirdly, if you have background information on the issue, provide it.

If you appear as if you are helping the journalist do his job, it is almost impossible for the camera to make you look guilty. By allowing the camera crew to shoot footage, you are taking some control over what is actually captured on film. And by having information at hand, you can at least enlighten the journalist and provide some balance to the story.

While this plan isn't foolproof, it will minimise the damage of an ambush interview. 🐱

**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 Probe

## 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](http://www.cqib.org.au)

## Acknowledgements

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# wisewords ... on music.

**An intellectual is someone who can listen to the William Tell Overture and not think of The Lone Ranger.**

*Dan Rather*

**I can't listen to that much Wagner. I start getting the urge to conquer Poland.**

*Woody Allen*

**Opera is when a guy gets stabbed in the back and, instead of bleeding, he sings.**

*Ed Gardner*

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