



Brokerwise

Brought to you by: **Craven Insurance Services**

A prompt and compassionate response

NATURAL DISASTERS AND CLAIMS STAFF

A minute's silence at noon on 7 February 2010 marked a National Day of Mourning on the first anniversary of the devastating Black Saturday Victorian bushfires, Australia's worst natural disaster since Federation. The fires claimed 173 lives, devastated entire towns and communities, destroyed more than 2,000 homes and left thousands of residents homeless. That day will be forever etched in the nation's memory as a day of mourning but also one of tremendous inspiration thanks to the dedicated work of fire and rescue crews, ambulance and medical teams and the unstinting efforts of local and international volunteers of diverse skills and contribution.

Also quietly doing their bit to help were a whole army of people rarely seen in the gratitude spotlight. These were the claims people and staff from other insurance related professions such as loss adjusters and assessors who chose to be onsite in the immediate aftermath. The work they did was, for many survivors, the first step on the road to a normal life through financial recovery and it is important to recognise and appreciate the role they play in tragedies such as these.

Just as fire, police and ambulance officers are subject to high stress during and following such catastrophic events,

insurance workers too face similar challenges when dealing with distressed and grieving people, especially onsite in what is often an alien landscape. When disasters occur, insurance companies will bring in their most experienced staff from around the country, drawing on the frontline experience of those who have been exposed to the grim realities of dealing with the aftermath of large-scale catastrophe. Even though they will call on their most experienced staff, the insurance companies understand that their people are working in traumatic circumstances and will offer them counselling support. Communication lines at this time between insurance companies and their teams in the field are vital.

The evidence on record of immediate and ongoing insurance industry support to fire affected customers as a result of this event is validation that the General Insurance Code of Practice, created by the insurance industry, is working.

The aim of the Code is to raise the standards of service to insurance customers and sets out the minimum standards which the insurance industry will uphold in the services it provides to its customers. The Code sets certain standards in respect of the assessment and settlement of insurance claims. It also contains financial hardship provisions where payments can be fast-tracked where the policyholder is in urgent financial need of the benefits they are entitled to under their policies. The Code also specifically addresses how the industry should respond to catastrophes and disasters, including provisions such as the opportunity to have property claims reviewed if the loss assessment may not have been complete

or accurate even though the policyholder may have already signed a release.

The insurance industry is very aware that it is under the microscope when catastrophes occur. Readers may recall Prime Minister Kevin Rudd making it clear to the Insurance Council of Australia in the days following Black Saturday that the Government expected insurance companies to act promptly and compassionately. The insurance industry delivered on both counts.

Events such as Black Saturday and the Newcastle storms in 2007 each cost the insurance industry over \$1 billion in claims. Through these and other events, the industry has had plenty of practice with natural disasters and believes that it has got better and better at handling the impact. ■

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Protection for you... and yours

DISABILITY — PERSONAL ACCIDENT

Having adequate cover against fire, theft, breakdown and all the usual unforeseen calamities is an essential and necessary part of doing business. If you're a



business owner this is not exactly news and you probably already protect your business from the threats to its viability

with a range of insurance policies. But what about YOU, the person; the individual with the personal responsibility of that close circle of people totally dependent on your continued wellbeing – your family?

How are you off for Disability or Personal Accident and Illness Insurance? This cover is designed to help carry you and your family through the tough times if you are unable to work due to a serious accident or illness. There's no doubt it's a cost effective protection against unknown, untoward events that may be just around the corner waiting to pounce.

If you're in business as a sole trader or in a partnership, and if Workers Compensation cover is not available to you, your best option is Personal Injury and Illness insurance. This type of insurance can provide you with weekly or monthly payment benefits for accidents that have caused

you injury or a lump sum for your family in the event of accidental death.

Cover varies widely between policies and insurers so if you are considering the protection of this form of insurance your Broker is the best place to find out what's available and get advice on the best cover for your circumstances.

Unlike Life Insurance policies, Personal Accident cover is renewed annually and you must advise your Broker if your circumstances have changed each time you renew your policy.

Anytime, anyplace. That's the nature of accidents; and unfortunately they can cause hardship and runaway expense but if you have the cover you can breathe a lot easier. Contact your account manager for more information about this indispensable protection to ensure you and your family are looked after should accident or illness strike. ■

A better way to pay

WHAT DOES THE TERM 'PREMIUM FUNDING' MEAN?

Essentially, it means you borrow money to convert your annual insurance premium into monthly instalments. The lender, most likely a finance provider which specialises in premium funding, will pay the annual premium on your behalf and then you repay the loan by direct debit monthly instalments, which include an interest component.



Although the term 'premium funding' is not a household name, it is estimated that insurance premiums to a total in excess of \$3 billion are funded this way each year. The vast majority of this is made up of business insurance premiums with the remainder being for premiums of a 'personal' nature, like home and contents, motor vehicle etc.

You may ask why premium fund when many insurers offer monthly instalments? Well, like most purchase decisions we make in life, it is a question of product versus price. The cover available through an insurer's pay-by-the-month facility often differs from and may be more rigid than premium funded terms that can be negotiated for you by your insurance broker. It's likely that your spread of insurance policies are with different Insurers, especially in the case of the more complex business insurance covers, hence accepting various insurers instalment payments will mean

multiple deductions from your bank account requiring more supervision. A simpler way is to have your insurance broker bundle all the different insurers premiums into one monthly debit.

The cheapest option of course is to pay your premium in full as it falls due and so avoid finance charges altogether. If you have the cash resources this is the best option.

On the other hand, premium funding can be a smart choice as it makes budgeting easier because payments are fixed and spread over a set period. In business, especially with large premiums, it is important to consider the impact of one annual payment on the business cash flow compared with smaller fixed monthly payments. Generally the interest charged by the premium funder is tax deductible for business so the additional cost is marginal.

The choice is yours. ■



Staff fraud

A GROWING TREND

Business Owners beware: The Global Financial Crisis (GFC) is having a dual effect on the incidents of uncovered staff fraud.

As a result of the GFC, the motivation for employees to risk stealing from their employers' increases significantly. This also means companies are beginning to pay closer attention to where money is leaving the business.



Forensic accountants say the majority of employees who commit fraud do so to fund gambling debts or to get out of a desperate financial situation. Chartered Accountants, Ernst & Young, reported late 2009 that over 80% of the worst fraud was committed by employees, 50% of these were managers, with half having spent less than a year in the position. The Australian Institute of

Criminology estimates fraud accounts for losses of \$8.5 billion per year in Australia. This represents approximately 40% of all identified crime.

KPMG predicts more employee fraud would be uncovered this year because employers were increasingly using technology to detect fraud, as well as encouraging effective whistle blowing practices.

Last year saw a string of high-profile employee fraud cases, including:

- A senior financial accountant with Clive Peeters allegedly stole \$20 million from her employer. She allegedly altered account details to divert money into her own accounts.
- A 24-year-old Brisbane bank employee stole almost \$3 million from the BOQ and spent it on cars, jewellery and holidays and was sentenced last year to nine years jail.
- A 40-year-old Sydney accountant allegedly defrauded ING of more than \$45 million, siphoning funds into her private accounts to fund a lavish shopping habit over five years. Unbelievably, her excessive shopping habits were not detected until her own bank became suspicious of her spending.

When an employee has committed fraud or theft and it is not detected, the incidences tend to escalate. Stealing

assets, corruption and faking documents such as quotations and invoices are major categories of employee fraud.

Investigating fraud/theft can be expensive and many companies feel they have already lost enough without spending additional money on a costly prosecution. The typical reaction is to terminate the employee and close the book on the case to prevent any further loss or embarrassment.

Smaller businesses are more vulnerable to theft and fraud because of the lack of resources to keep a check on operations. You can help minimise the chance of such incidents by implementing the following risk mitigation strategies:

- (i) Immediately investigate anything suspicious
- (ii) Adopt a strict written Employee Theft/Fraud policy
- (iii) Ensure strict segregation of duties for all financial transactions – e.g. a cashier is not responsible for banking
- (iv) Implement an Employee Grievance Policy to ensure employees with "issues" feel they have been treated fairly.
- (v) Thoroughly screen all new employees before hiring them. ■

Marine Industry News

NEW STANDARDS ON LIFEJACKETS

Important information for the Marine Industry... and for boaties generally, concerning new Australian Standards for Lifejackets and Personal Flotation Devices (PFD) is now available on Maritime

<http://www.msq.qld.gov.au/Publications/Marine-information-bulletins.aspx>

Safety Queensland's website together with lots of other useful information.

Stay in touch with MSQ and be safe when traversing the deep.

Go to the web address below (and scroll down to the PFD section) ■



Staff training

GOVERNMENT MAY FUND

Ensuring employees are trained and qualified to do their job is sound business practice. However, the cost of training and imposed government legislation requiring business to either engage the services of 'qualified' staff or train existing staff can impose a significant financial burden on business. This is evident in the recent requirement for BAS Agents (those who lodge BAS returns) to be qualified.

To offset these costs both State and Federal Governments have introduced incentive programmes to assist business overcome these financial burdens. The amount of funding and availability of funding is based on specific criteria. Funding can range from \$1,000 up to \$7,000 plus.

Access to this funding can often be

confusing so here are a few tips:-

- Funding is not only for trades skills, it is also available for other vocational industries such as retail; administration; financial services; hospitality etc.
- Funding can apply to a variety of qualifications ranging from Certificate II through to Advanced Diploma.
- The size of your business doesn't matter. Your business could be a large national corporation or small cafe.
- Courses must be nationally approved courses and undertaken through an approved Registered Training Organisation.
- Standard funding is often available up to \$4,000

Generous incentives are available to those who qualify in a wide range of situations and circumstances. For more information about training incentives and opportunities for employers visit the following websites:

www.australianapprenticeships.gov.au
www.deta.qld.gov.au
www.training.qld.gov.au
www.apprenticeshipsinfo.qld.gov.au
www.trainandemploy.qld.gov.au ■



Wise.words

We all have big changes in our lives that are more or less a second chance.

— Harrison Ford

"An alcoholic is someone you don't like who drinks as much as you do."

— Dylan Thomas

"Take calculated risks. That is quite different from being rash."

— George S. Patton

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 60 Queensland firms employing nearly 400 staff and placing in excess of \$500,000,000 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

The articles in Brokerwise are provided as information only. They are not general or insurance broking or legal advice. It is important that you seek advice relevant to your particular circumstance.

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