

# AIS

# Liaison

The AIS Insurance Brokers Newsletter

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## Making sure your business is protected

There's an old adage that the moment of truth for anyone with insurance comes when you have to make a claim.

The reasoning behind this is simple enough. Whatever you're claiming for has to be covered under the policy. If it's not listed or defined in the policy, the claim can't be paid.

So thinking ahead is important when you buy an insurance policy. But for many people getting cover for the home and car, and perhaps also travel, is the full extent of their insurance experience.

Domestic and vehicle policies are quite similar, but the buyer will inevitably find questions arising as they read through the terms and conditions. Will this one cover my trailer, or the garden shed? What if I left the kitchen window open when I went out to the shops and was burgled? How much should the excess be on a smash repair claim?

Despite the questions and uncertainty, buying home and vehicle insurance online is more and more common. That's fair enough – the name



Is it best for me? We can tell you

of the game for the consumer today is convenience.

While you can easily buy insurance online, or on the phone, you are the one making the judgement as to whether the policy you choose is the best for your specific needs. The person on the other end can't advise you on the details of your risks. You have to know what you want.

Trouble is, recent research has shown that most people buying insurance online look first at the price, and don't bother too much about the details. It's something that worries insurance regulators around the world, including Australia.

It's a bit like buying a car. You can have the same model vehicle in a variety of different trims and options. Those fancy wheels and heated leather seats are what you want, even if they do push up the price a bit.

It's the same with insurance. The greater the range of risks you want covered, the more you might expect to pay. And basic policies are just that – basic.

The same goes for commercial insurance. Businesses of all sizes face a wide variety of risks. You can buy a commercial policy online or over the phone, but do you really know it's going to meet your needs?

You will have to make that decision yourself. Price is no guide to suitability.

If you want the policy to work properly, it has to be tailored to the unique needs of your business.

Insurance brokers have the experience you need to ensure you're properly protected against the kinds of risks you face. We work with you to define the types of risk your business might be exposed to, and we provide you with the qualified advice that ensures you get the best cover at the best possible price.

Because we work with a larger insurance buying group, we have access to unique policies that often provide greater levels of protection to our clients at no additional cost.

And when something does go wrong, you'll always have us there to work with you on the claim. We take the weight, and it doesn't cost you a cent.

Call us any time to discuss your business and the ways we can help you protect it.

# Emerging risks in a fast-changing world



Watch me on Youtube – I'm an "emerging risk"

The business world once seemed a steady and predictable place. Not any more. Today we're distracted by pressures that didn't exist 10 years ago.

Rising levels of litigation, laws that focus blame on to company officers and directors, product liability, the risk of a trashed corporate reputation... the list is seemingly endless.

Each year insurers examine developing trends in business and the wider community in an attempt to understand the sort of risks developing in our fast-paced, fast-changing world. Swiss Re, one of the world's largest reinsurers, is at the forefront of the research effort, using technology to chart emerging risks. It reports annually on trends that could impact on insurance in the next few years.

Here's some of the threats Swiss Re has researched this year:

**Cloud computing:** Hailed as a big step forward in sharing and storing data, cloud computing also increases

the risk of lost or leaked data and the hijacking of resources, leading to business interruption, liability claims and reputation and financial damage.

**Air pollution:** Health problems as a result of rising levels of pollution could see new forms of litigation against polluters, car manufacturers and energy companies.

**Concussion in sport:** Australian and US sporting bodies have increasing concerns about concussion risks in contact sports, especially as athletes become stronger and games get faster. Swiss Re says new types of concussion injuries may also be detected in the future, raising workers' compensation and liability risks.

**Digital slander:** Anyone can cause reputational damage to companies and individuals through social media. Privacy breaches could increase claims against data providers.

**E-cigarettes:** These tobacco replacements are meant to be harmless, but liability claims similar to those related to tobacco may emerge if e-cigarettes prove more harmful than expected.

**Financial consumer protection regulation:** Regulators face pressure to protect consumers and restore their confidence, potentially leading to more product liability and recall claims and increased intervention in product innovation.

**Open business models:** Sharing ideas and technologies has enormous upsides for business, but Swiss Re sees problems if unique company information is released widely and misused.

**Food and water safety:** As agriculture becomes more intense, new issues will arise – everything from land cultivation

techniques and water sourcing to food processing and distribution. Polluters, farmers and food producers could face increased controls and litigation.

**Rubber production threatened:** Experts say a pathogen that attacks rubber trees might reach Asia's plantations in the next few years, affecting industries like tyre manufacturers.

**Aluminium health risks:** The metal is a neurotoxin, but it's widely used for household appliances and even antiperspirants. Accumulations in the body could have long-term consequences that aren't understood at present, leading to a future health crisis.

**Smart cities:** Sensors, webcams and internet data may assist traffic control, transport and other services in ever-larger cities, but could also lead to large losses if systems malfunction.

**Action-cam liability:** They're nifty devices, but action cams might incite risky behaviour. Manufacturers could be held liable for damage related to their use.

**Collapse of oceanic ecosystems:** Increasing pollution levels may harm the marine ecosystem to the point where biodiversity is threatened and recovery becomes impossible. The impact on society and businesses of all kinds is obvious.

**Enhanced humans:** Technologies to improve body functions beyond human levels could also increase liability exposures.

Such crystal ball-gazing isn't always accurate, but there's enough in this list to make one stop and think. As insurance professionals, we're always on the lookout for emerging risks that could one day impact on our clients' businesses.

# The complexities of strata title

Thanks to tax provisions that make a second property a good investment, many Australians have bought strata properties and rented them out. At the same time, more Australians are swapping their suburban homes for an apartment.

Whether they are bought to rent out or live in, there are some distinct differences between a detached house on a suburban block and a strata property.

For starters, all the residents are sharing the property's common facilities, like lifts, gardens, the foyer and so on. Residential strata insurance – sometimes called body corporate cover – insures the common property that's under the management of a strata title or body corporate entity.

Normally you'll pay your share of the premium as part of your strata fees and, of course, the strata policy doesn't cover the contents of your property. That will require a separate contents policy.

And if you're renting the property to someone else, you will need a landlords' policy.

You should be aware that some strata policies don't provide cover for what are usually referred to as "accessory units". Think of them as things you own that are outside the main living area of your property.

They can include parking spaces, storage lockers, balconies

and courtyards. It's a good idea to ensure these accessory units are covered under your own policy if they aren't covered under the residential strata policy.

If an accessory unit is listed on your title, then it belongs to you as the owner, not the corporation.

If you're renting the property out, your landlords' policy will need to have the accessory units listed.

If a visitor to the complex is injured in some way – say from slipping on spilled oil in your parking space – he or she might decide to sue the owners' corporation. But if the area isn't listed on the policy, the owners' corporation could say it is not responsible as the incident took place on private property.

Similarly, if your tenant has furniture stacked in a storage locker, opens the locker and an armchair falls out and damages a nearby car, you as the landlord and owner of the locker could be held liable.

Your insurance should provide protection in these scenarios – as long as the cover has been extended to include the accessory units.

The complexities of strata title and the responsibilities of a landlord are sometimes quite confusing to owners. We're always available to advise and assist you to make it easy.

Who owns what? Check to be sure



# No one wants a fatal work accident

The announcement in July that Safe Work Australia recorded a significant fall in the number of workplace fatalities last year was welcomed by employers around the country.

The total of 191 deaths was 16% lower than the 2012 toll, and was the lowest in 11 years.

There's a temptation for some to see the lower toll as a result of employers' growers focus concentration on workplace safety, brought about by increasingly strict new laws that place far more responsibility on the shoulders of a company's directors and officers.

However, the experts say the reason is more mundane: most work-related deaths take place on the roads, and the overall road toll is trending down.

While vehicle collisions killed 90 workers in 2012, 65 died from the same cause last year.

Safe Work Australia says men accounted for 92% of the work deaths recorded last year, and two-thirds of them involved vehicles. A third of those deaths recorded over the past 11 years were as a result of accidents at the worksite – not on public roads.

The statistics show that operating machinery and driving are the riskiest jobs, leading to 62 deaths last year. Road and rail drivers accounted for 48 deaths – all but nine of them truck drivers.

Is there any truth in the theory that self-employed people push themselves harder? Perhaps there is, because the death rate for self-employed workers is three times higher than for employees.



No hard hat, no hi-vis gear...

The most hazardous industries are agriculture, forestry and fishing (48 fatalities last year) followed by transport, postal and warehousing (46) and construction (19).

Other leading causes of death last year were falls from ladders and other heights (24); being hit by falling objects (24); and being hit by moving objects (21).

And it's worth noting that 66 people who died in workplace accidents last year were innocent members of the public – bystanders who were in the wrong place at the wrong time.

The horror of losing anyone – employee, workmate or stranger – in a

work-related accident far outweighs the trauma of the legal and financial issues that usually follow.

Company directors and officers are increasingly being held liable for safety breaches that lead to deaths, and hefty financial penalties – sometimes with jail terms attached – are becoming more common.

So talk to us about your company's safety issues. We can help you to build a safer workforce and also advise on insurance cover that protects you, your colleagues, your business and your employees if the very worst thing that could happen does happen.

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