AIS Liaison
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Scammed? Here's how to protect your business

Email scams leading to large sums of money paid into the bank accounts of fraudsters have become more sophisticated in recent years, and small businesses are more often than not the target.

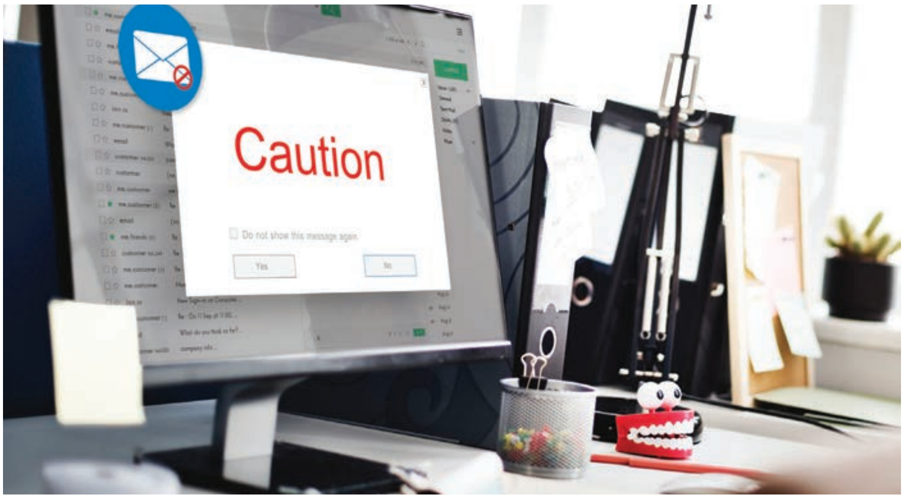
An Australian Competition and Consumer Commission (ACCC) report relates a case where an accounts employee transferred $67,000 after receiving emailed instructions supposedly from his boss, who was travelling overseas.

Only after the manager returned to the office did they realise the convincing-looking email order was a clever deception. The incident was reported to the bank and police, who deal with hundreds of such scams every week. But without insurance they could kiss their money goodbye.

A scammer may hack into a system to send a message, or just copy logos and use similar-looking email addresses to make a message appear legitimate. Even employees well aware of the risks can be tricked.

The ACCC says scammers swindled nearly $4.7 million from businesses last year through a variety of methods, with victims losing an average of nearly $11,000.

Small businesses with fewer than 20 staff are most likely to be targeted and



accounted for more than 50% of reports to the regulator's Scamwatch service.

False billing is a common tactic, with businesses receiving fake invoices for a wide variety of common expenses, including directory listings, advertising, domain name renewals or office supplies.

The Federal Government says "phishing" scams try to prompt an innocent person to reveal their own or their employer's personal or financial details, while "pharming" involves redirecting users to a fake version of a legitimate website, particularly in the case of e-commerce and online banking sites.

The focus on cyber crime often highlights the importance of protecting against malicious software and hacking, and it's only getting worse. There are also significant risks from increasingly complex frauds that trick businesses and employees.

As sophisticated criminal organisations around the world redouble their efforts to part your company from its money – often with ruinous consequences for revenue and reputation – there is one option that promises a return to normality: cyber insurance.

Over the past five years or so, insurers' cyber insurance policies have adapted quickly to the ever-changing world of online crime. There's an increasing range of specialised policies. As your broker, we're always ready to advise you on the best ways to protect your business when the scammers pop up.

Preparing for a bad bushfire season

Millions of dollars are lost when bushfires strike every summer. This time round, the stakes are much, much higher for businesses as experts warn the unusually warm and dry winter means the country is likely in for an above-normal bushfire season.

And it's not just rural areas that are at risk. As the northern summer's wildfires have demonstrated all too clearly, homes and businesses in urban areas – some quite close to city centres – are equally prone to fires caused by tinder-dry vegetation and dry soil.

So unless you're working in a CBD skyscraper and have no business or personal assets situated in areas outside the city centre, this article involves you.

An early start to the fire weather season can't be ruled out. The Bushfire and Natural Hazards Co-operative Research Centre says.

"Dry and warm weather has seen poor vegetation growth," the centre warned in its outlook for southern Australia. "Taken as a whole, the current warmer and drier than average climate conditions and the outlooks suggest that the southern hemisphere fire season is likely to commence earlier than usual and be more active than normal."

Readings from the Forest Fire Danger Index suggest fire season severity is increasing across the southern region. Inland eastern Australia and coastal Western Australia are seeing the greatest increase.

In drought-hit New South Wales and Queensland, there is a widespread soil moisture deficit, the result of significant rainfall deficiencies.

Bushfires are part and parcel of the Australian landscape, particularly during the summer months. There is no escaping from it. So let's just consider your business assets, because you need to be aware of your fire risks. If you haven't already, what you as a business owner can do right now is draw up a plan to protect your livelihood.

The long summer holiday is approaching at the same rate as the bushfire season, so please take a walk around, considering what you can do to minimise risk by, for example, securely storing flammable materials and valuable equipment.

Once you have a plan, it's time to consider how you would cope if the worst happens. Because no risk plan is complete without a thorough business cover insurance policy. Check what's covered, and most importantly, what isn't. Is it really prudent to have stock and buildings uninsured or under-insured? Only you can answer that question.

Don't ignore the exclusions in the policy, either. If you're unsure about them, call us and we'll sort it out with you.

Revisiting the sums insured should also be on your list of to-do tasks. It is an area often overlooked by SME owners and it shouldn't be. Work through the figures and talk to us as soon as possible, as some policies don't allow for changes after a fire threat has been declared.

We can help you sort out the answers to the hardest questions of all. Can your business recover from a total loss? Are you able to pay off existing debts if your business is forced to stop trading? Is the business financially strong enough to rely on existing reserves to reopen?

As your broker, we don't want you to be caught out when disaster hits. We know how much your business means to you. We can help you work out a tailor-made business protection package. Call us. And soon.

‘Grey fleet’ risks – it’s not all black and white

So you’re employing people who use their own cars to undertake work tasks? Maybe it’s just for a quick daily run down to the post office, or a trip to a rural area to see a client. You pay the fuel and running costs, and everyone’s happy, right?

Not quite. Once employee cars are used for business operations they become part of the firm’s “grey fleet”, a term reflecting the less visible and sometimes opaque nature of the arrangement.

Large firms are more likely to have company-owned fleets of vehicles they directly maintain, insure and manage, but it is increasingly common for employees to also use their own cars.

That’s particularly the case for smaller enterprises that don’t want to have – or couldn’t afford – the cost of vehicles sitting idle when they only require workers to head out for business purposes from time to time.

The more casual and decidedly more economical “use your own car” arrangement provides greater flexibility, but an overly relaxed approach carries risks with it. Because any vehicle being used for a business purpose is considered a workplace, meaning occupational health and safety obligations apply.

Those responsibilities exist whether workers are formally reimbursed by employers for fuel and running costs or whether it is a looser system, and under a range of leasing and ownership scenarios.

Heading out on business: but that privately owned car could be considered his workplace

The use of various employment arrangements, such as casuals and contractors, contributes to the potential for grey fleet risks to be overlooked when it comes to assessing a company’s risks.

A study by Flinders University Associate Professor Tania Leiman highlights that while no legislation specifically refers to the term grey fleet, a number of laws apply to vehicle use for work. Especially important is the risk of a claim for negligence or for breach of work safety legislation if someone is injured.

The issues have become more apparent in the UK, where it is estimated that 40% of work vehicles are part of the grey fleet and that 62% of private car use is for work-related activity.

Employers there have warned they should ensure that someone driving a vehicle for work purposes is licensed, and that the vehicle is insured and fit for the purpose.

Stories abound in the UK of firms being unaware of their employees’ suitability for driving tasks, and even whether an employee held a valid licence. Businesses are also believed to be far less knowledgeable about the state of their employees’ vehicles and their servicing history than if they owned it.

Accident risks can also be greater with older cars that are more likely to have mechanical problems and may not have the latest safety technologies to prevent serious injury.

All things considered, it is important for businesses to take a careful look at whether they have a grey fleet, and to put policies and procedures in place that are communicated to workers and which will minimise the risks.

Even if your staff are just jumping into their cars for the briefest of errands, you should talk to us about the risks of running a grey fleet – a fleet you may not even have known existed before you started reading this article!

Give us a call and we’ll advise you on the best ways to protect your business.

Insurance: as vital as ever in times of drought

In tough times every dollar has to stretch just that little bit further. That's never been as true for rural businesses as it is right now. Because so much of Australia is caught up in a long-running drought, one that has many describing it as the worst they have seen.

Keeping a lid on spending is the go-to solution for affected businesses and farmers alike. That's what you do when income has ground to a virtual halt and financial reserves are running at dangerously low levels.

But what happens when this isn't enough to avert a cash crisis? Even more drastic measures may be in order, like cutting back on insurance cover or even scrapping policies altogether as a last resort.

We've seen this happen before, and from our experience we can only say: tempting as it might seem, don't drop your insurance cover.

Austerity measures are a given when financial difficulties strike. You don't want to pay a cent more for what you don't need. We get that.

But scrimping on insurance is not, and should not be seen, as a remedy to ride out the drought. It can easily backfire if a disaster strikes out of nowhere and your business submits a claim, only to realise the policy is not enough to cover the loss. Or, even worse, there's no insurance at all to help get you back on your feet.

Suddenly, you are in big trouble, and if you don't have the financial reserves available to pay for the recovery of your property or business, you may have reached the point of no return.

We don't want that to happen to our clients or their businesses. As your risk adviser, we can't emphasise enough how important it is to keep your business adequately insured.

The maxim that your insurance must work for you is never more true than in the current climate. So now is as good a time as any to reassess the risks you face and have a look at the range of options available.

Chances are you will find there's a myriad of specialised insurance products that can help you weather both your economic downturn as well as any natural or manmade disaster that comes your way.

Remember, you're not alone in times such as this. We know how hard it is out there, and we are here to advise you on ways to protect yourself from any more uncertainty than you're already facing.

Feel free to call any time. It will be time well spent and possibly the best call you can make in these tough times.