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Digital Fire™...is it coming for your business?

As technology continues to evolve, so are the skills of criminals. As more businesses make the switch to a paperless office, it's quite unusual for a break and enter to occur with the intent to steal important documents.

The bigger risk for businesses today is cyber crime, where with a few clicks, your entire business is at risk of a 'Digital Fire'™.

The Australian Federal Police classifies cyber crime as "crimes committed directly against computer and computer systems. The use of technology to commit or facilitate the commission of traditional crimes."

Many small businesses fall into the trap of believing cyber crime won't happen to them, yet they are the ones targeted the most. Many multi-million dollar



conglomerates have sophisticated IT Departments, while small businesses have no such infrastructure to protect them from cyber criminals holding their files ransom, asking for thousands of dollars or their entire digital business is at risk to be deleted.

It's rare for small businesses to have the

funds to back up their data off site, so a cyber-attack can be crippling. Most businesses cannot survive a cyber-attack, particularly if every file they have is deleted and destroyed. Any company that handles data, either personal or corporate information is at risk of cyber crime.

Cyber Insurance will cover personal data, corporate data, data security and defence costs.

Even if a business has an external IT Company, there is no guarantee their data and files are not at risk of a cyber-attack, so Cyber Insurance is recommended.

Over the past three years, Cyber Insurance has become more and more common with an increase in cyber-attacks.

Please contact us to discuss as this is an insurance your business can't afford not to consider.

Vero's SME Index reveals underused covers

Recent research suggests many small and medium sized businesses have growing concerns about events that could impact their ability to do business, yet at the same time have underused their insurance, which could be costly if they are impacted directly.

The research is part of Vero's recently released SME (Small and Medium-sized Enterprises) Index study of Australian business owners which revealed a number of interesting and actionable behaviours and attitudes towards insurance. This is the fifth research program Vero has conducted into the vital SME business market which constitutes the majority of Australian businesses.

Asked what were the principal business risks that kept them awake at night, a significant number of respondents listed 'being unable to trade for a period of time' as a top concern. Another significant group mentioned equipment breakdown as a major worry, while other concerns included workplace accidents, cyber attacks and litigation.

The major concerns of business interruption and equipment failure are two similar risks, which are clearly impacting on SME's psyches, when asked about their insurance covers, a much smaller percentage of business owners – only 20 per cent of them – think that they are actually insured against them.



It's important for business owners to understand their cover and talk to us about alleviating these fears, through discussing the range of policies available to suit their needs and put their minds at ease.

As always, we are here to assist and talk through your concerns, while providing advice about what cover you have, might potentially need and why it is so important.

Brokers will remain valuable despite disruptor threat

Recently major European disruptor 'Friendsurance' announced its intention to expand into the existing Australian market following almost \$20 million in funding from a Venture Capital firm.

The German-based "insurtech business", is a peer-to-peer insurance solution, which uses social networks such as Facebook to allow groups of people to pool insurance premiums and offers other bonuses such as no claims reward.

An insurance broker is and will remain a true partner with clients by adding value in Risk Management and claim settlement as well as keeping up with insurance trends and provide sound advice to clients.

This will continue to be valuable despite the threat posed from these start up peer-to-peer insurance models and something these models will be able to difficult to replicate in a group setting.



It's early days for peer-to-peer insurance models and Australian regulators are unlikely to allow these disruptors into the existing Australian system.

There are many warnings for consumers to 'exercise caution' when signing up to be insured with newcomers as these 'start-ups' won't have the vast knowledge of a broker.

Brokers are far better placed to compete with these upcoming changes that may potentially occur in the next few years.

Brokers tailor insurance programs to their client's individual needs and providing superior additional services. Don't hesitate to contact us at any time to discuss any part of your insurance program.

Act changes can impact liability

Officers, financiers, shareholders and other related persons can now be personally liable for company breaches under the Environmental Protection Act 1994 (Qld) ('Act').

On 22 April 2016, the Queensland Government passed the Environmental Protection (Chain of Responsibility) Amendment Act 2016 to drastically broaden the application of the Act.

These amendments have been triggered as a consequence of concerns that taxpayers may end up paying for the costs of environmental rectification works at the Queensland Nickel refinery near Townsville as a result of the operator of the refinery being placed in administration.

Before the amendments, the Department of Environment and Heritage Protection ('Department') could generally only issue an environmental protection order



to companies or individuals who caused environmental harm or failed to comply with environmental conditions imposed by the Department under the Act.

Under the recent amendments, the Department can now issue an environmental protection order to related bodies corporate, executive officers, secured parties, mortgagees, financiers, shareholders, and 'related persons', such as holding companies and landowners.

This means that parties that had no involvement in causing the environmental harm or failing to comply with environmental obligations can now be required to comply with environmental protection orders.

The costs in complying with these orders, such as rehabilitating affected land, can be significant.

As the Department can consider matters arising prior to 20 April 2016 in determining whether a person constitutes a related person, people who may be at risk should consider whether they have sufficient contractual protection under existing insurances, leases, sale contracts and joint ventures if environmental harm is caused.

At risk parties can minimise their exposure through pollution liability policies and appropriately drafted obligations in leases and other contractual arrangements.

Don't allow your motor fleet costs to blow out!

Some insurers have recently reported that the performance of their motor fleet portfolios have deteriorated to the extent that they have been forced to revise their pricing models to pass their increasing costs onto their customers.

If your business owns/runs a motor vehicle fleet, it is crucial to apply sound risk management principles to minimise claims frequency and severity, ensure the safety of drivers, comply with all relevant legislation, and ultimately reduce claims and insurance costs.

To achieve this, it is important to actively implement a process which allows identification, analysis and evaluation of risk exposures and provide suitable remedies if required.

Identifying the Motor Vehicle risks

Understand the fleet composition, vehicle types and characteristics – is your business operating in higher than average risk profiles, for example, tippers, tankers, logging? Ensure that incident reporting forms are provided in all vehicles and all drivers are informed of their use at induction. Make sure drivers understand the effects of fatigue, mobile phone use,

mass and maintenance management, as well as Chain of Responsibility requirements.

Analysing of current and past claims experience

Identify accident trends, claims frequency, average cost of loss, driver at fault frequency, 'repeat offender' losses, and establish regular reviews of claims data with us, as well as non-insurance related crash data to establish trends, and identify suitable intervention measures.

Evaluation of Risk

Identify risks that require attention and treatment.

Implementing areas of improvement in response to evaluation of risk

This includes driver declarations, licence and offence printout checks to be completed at recruitment, implementing driver selection guidelines and induction, training and education courses, and establishing policies and procedures such as mobile phone use, fatigue management, drug/alcohol policy, etc.

Appoint a safety officer and announce a



Fleet Safety Program and include motor fleet loss performance reviews/reports in monthly management meetings. Invest in dashboard cameras, fleet monitoring systems and hands-free telephone technology, as well as drug and alcohol training/awareness programs.

Monitoring fleet performance

Ensure risk management strategies are appropriate, effective and relevant to the business.

Contact us if you would like help with implementing a Risk Management Process to minimise your insurance spend.

A simple explanation of Landlords Policy

The question of whether a landlord policy is necessary or needed is one that is often asked, with many questioning why a normal home and contents policy is not suitable for their rental property.

The answer is home and contents policies are not designed to protect you for the extra risks in having someone else living in your property.

What are Extra Risks?

You can never expect a tenant to look after your property as you would. And even if a good tenant holds a simple party, this can easily get out of control with guests causing damage such as spillage and staining of furniture, curtains and floor coverings, damage to plaster walls etc. Some of these simple incidents may cost you thousands to repair the damage and a bond will be quickly consumed.

Also, some policies titled landlords may not secure you a policy that will ade-



quately protect your valuable property, especially in respect to tenancy related damage.

While most landlord policies cover for the majority of the usual basic exposures such as fire and storm etc. policies differ in coverages, sums insured, and periods of cover for loss of rent.

Some considerations prior to insuring:

- Prior to insuring, consider having your building and contents insured with the same insurer.

- Malicious and accidental damage by tenants are two different types of loss so it's a good idea for your policy to cover both.

- Do you have a Rental Agreement? Most policies will require one to claim some of the additional benefits.

Optional extensions to consider:

Loss of rent due to an insured risk - the most important financial factor for a landlord is rental income. The loss of income during repair time can be crippling financially.

Rent default - what happens if a tenant breaches your rental agreement leaving before the end of the agreement or just stops paying you rent?

You have invested in an asset and it is important to protect your asset and transfer the above risks to an Insurer. Please contact us to discuss your landlords policy options. In most cases this premium is tax deductible.

Is social media marketing worth it?



Research company Gallup has recently announced that “social media is not the powerful and persuasive marketing force many companies hoped they would be”.

The company surveyed more than 18,000 consumers about the influence of social media on their buying decisions and 62 per cent said they had no influence at all.

With many social media platforms offering new advertising options for clients every day, users of these sites are reacting by steeling themselves against this marketing onslaught as it goes against the prime purpose they are using these sites.

Gallup research has shown that 94 per cent of consumers using sites like Facebook do so for the primary purpose of connecting with friends and family and are far less interested in learning about companies and their products, leading to

the conclusion that many companies may have a social media strategy in place that could be largely misdirected.

Rather than using social media to increase brand awareness, companies should focus their strategy on engaging existing companies and inspire them to be advocates on behalf of the company.

Good content is the king when it comes to connecting with your customer base via social media, ensure you are offering valuable information to your customers and create a variety of content, that is consistent with your company's brand image.

In addition, a good social media presence, should be complemented by other customer service points as customers rarely use social media as the sole way of communicating with a company.

Be sure. Before you insure!

Ask your CQIB broker about...

Commercial and Retail Insurance

- Business Property
- Business Interruption incl Loss of Rent
- Liability
- Burglary and Money
- Glass Breakage
- Machinery Breakdown
- Computer
- Goods in Transit
- Tax Audit
- Motor
- Contract Works
- Commercial Strata

Liability

- Public and Products Liability
- Professional Indemnity
- Management Liability
- Directors and Officers
- Employment Practices Liability
- Statutory Liability
- Cyber Risk

Premium Funding

Private and Domestic Insurance

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

Life, Disability and Partnership

- Life/Accident and Illness
- Term Life
- Long Term Disability/Income Protection
- Key Man
- 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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Wisewords

“Whether you
think you can or
you think you
can't, you're right.”
— Henry Ford

“The best way of
learning about
anything is by
doing.”

- Richard Branson

“It is never too late to
be what you might
have been”

- George Eliot