



Brokerwise

Brought to you by: **East West Insurance Brokers**

Your Personal Assets may be Exposed...

...AS A DIRECTOR OR OFFICER OF A COMPANY

It used to be that Australia was a sleepy backwater when it came to litigation action by employees. This has changed dramatically over the past couple of years with Australia now the top market for Directors and Officers litigation, second only to the USA.

What driving this? Probably a combination of events, such as the Fair Work Law, Work Place and Safety Acts as well the trend for lawyers to pursue the litigation path.

The first responsibility of any employer is to ensure that all employees are treated fairly and kept safe but even with all the right controls and practices you could still find yourself facing a potential action for unfair dismissal, harassment,

workplace health and safety breaches etc. Even if they are proven unfounded, the legal costs can be very costly. It has been found 75% of all unfair dismissals involved money payments to claimants.

The exposure to litigation is a real and a growing trend and the need for all Directors to have Management Liability Insurance to help defend any actions that may be brought against you needs to be considered more today than ever before.

We are now seeing more and more companies take Management Liability Insurance with Employment Practices Liability extensions, it also nice to see the cost of this cover is still extremely cost effective so when you next review your insurance program, I highly recommend you consider this type of cover.

My Team and I would be happy to hear from you if you wish to discuss the above or any other aspect of your insurance. Please call us on 1800 809 132 or email info@ewib.com.au ■

Till next time ...
Kind Regards



Greg Rynenberg

Managing Director
East West Insurance Brokers.



Insurance rates on the rise

STRATEGIES TO MINIMISE

Whilst 2011 began like most during the last twenty or so years with insurers enjoying sound financial performances, the situation was transformed after the second Christchurch earthquake on February 22. With this event closely following the Australian floods and Cyclone Yasi, it's not surprising that insurers are pushing rates up to replenish their reserves.

Internationally, reinsurers are also reeling from the disasters in Japan and North America, so most of the insuring public is recognising the need to expect higher insurance premiums as their policies are renewed.

Higher premiums, it seems, will be a fact of life. Here are strategies

you can employ to ensure renewal premiums are kept to a minimum.

Start the renewal process early

With renewal terms likely to increase, it is important to allow your insurance broker the time necessary to seek alternatives from the market and negotiate with insurers. This will ensure any increases in your renewal terms will be kept to a minimum.

Provide all the relevant information required by insurers

Work closely with your insurance broker to gather information that will assist underwriters assess your exposure. Underwriters will ask more questions, demand more information and want more comprehensive risk

surveys. The quality of your broker's submissions to underwriters will have more of an impact in this type of market than in a soft market.

Complete all risk recommendations

Demonstrate your commitment to sound risk management principles and allow your insurer to be as comfortable as possible underwriting your risk by undertaking all risk improvement recommendations as quickly as possible.

Investigate higher deductible options

Review all claims that you have had and reassess the risk in terms of whether larger deductibles can be taken and reduced premiums achieved. ■

Who will you call

FOR THE INSURANCE THAT'S RIGHT FOR YOU?

Most of us work hard and along the way, acquire valuable assets that make our lives easier and more pleasurable. Over the years, our assets form part of an investment strategy which helps secure our financial future. So taking steps to protect those assets is crucial. Insurance cover is usually the best answer because the investment of a relatively small sum of money will protect you, at least financially, from loss however caused.

But with over 150 insurers offering different insurance covers, how do you make an informed decision to secure the right cover for your needs? Do you choose the lowest price cover, or the higher priced cover that offers substantial benefits in the event of

loss? Who can you turn to for advice? What type of advice is 'out there'?

Three main sources will usually provide the answers – some better than others.

GENERAL KNOWLEDGE

You read the brochures or search the internet for clues. Gather opinions from friends and slowly, steadily, build up a knowledge base that hopefully, provides an eventual, informed decision.

GENERAL ADVICE

You contact directly several insurers who will each supply you with the details of their policy. You assess the merits of each and pick the one that seems to suit your needs. Note that in this instance, each insurer has supplied general advice that is not based on your actual needs and situation.

PERSONAL ADVICE

You approach and request assistance from a General Insurance Broker who will take into consideration your personal circumstances, your personal objectives and financial situation.

Opinions from friends and promotional brochures from insurance companies all have their place and so too, the internet can be a useful source of information - even though sometimes contradictory and often just plain wrong.

SPECIALIST ADVICE FROM A LICENSED INSURANCE BROKER HOWEVER WILL PROVE TO BE THE SAFEGUARD YOU NEED WHEN YOUR ASSETS ARE AT STAKE.

Your broker plays an important specialist role and does the hard yards to provide clients with well considered choice from multiple offerings from insurance companies. You can also count on support from your broker when it all goes pear shaped and it's time to make a claim. Most important of all, your broker works for you not the insurance company and must adhere to strict operational and financial guidelines as set down in government legislation. Your overall protection is therefore extensive and assured.

Freedom of choice is a wonderful thing. Who will you call? ■



WHICH ADVISORY PATH IS RIGHT FOR YOU?

In perspective

When politicians spend our taxes and bankers post their profits, the amounts in billions of dollars are bandied about as if a billion was not much more than a million. Not so

**ONE
MILLION
SECONDS
EQUALS
12 DAYS**

**ONE
BILLION
SECONDS
EQUALS
31 YEARS**



Small business missing out

ON THE POTENTIAL OF SOCIAL MEDIA

A wide-ranging report of Australians' use of social networking websites has found small businesses are lagging well behind the general population, with only 14 per cent of all small businesses utilising social media.

The Sensis Social Media Report is a comprehensive study of when, where and how Australians use social media and how many of them interact with businesses. The whole report is well worth reading, but there are key statistics that should be noted by anyone in small business.

- About 62 per cent of all internet users have a presence on social media sites and 30 per cent of these are active every day.
- 97 per cent of these internet users have a Facebook profile, 9 per cent are on LinkedIn (substantially higher for people aged over 30) and 8 per cent use Twitter (with a higher proportion of users aged 30 to 39).
- 34 per cent of social networkers access their sites on their phone, and 22 per cent access social media at work.
- Importantly for businesses, 15 per cent use social networking sites to follow a business or brand, 12 per cent research travel options and 12 per cent research other products and services (most commonly fashion, electrical goods and home accessories).
- 36 per cent of all Australian Twitter users follow a brand or business.

The stats are definitive proof, not only of the sheer number of Australians active on social media but also how many use it to engage with a business, whether it's just to learn more information, read another user's review, or make a purchase.

With this information, it's surprising to see so few small businesses utilise this cheap and easy medium to promote to and engage with clients and consumers.

The primary reason, according to a report earlier this year, is time, or more specifically a lack of it – 60 per cent of businesses not on social media say they simply don't have the time for it.

“Small business owners and managers are often required to work long hours simply to keep their business functioning,” said Ram Kangatharan from the Bank of Queensland, which conducted the report.

“The concept of taking more time to not only communicate via social media but to simply understand its potential is a barrier that is obviously too great for most Australian small business owners right now.”

“The risk of course is that if small business owners aren't using social media tools to interact with their customers then their big business counterparts or SME competitors who have become early adopters of the new technology may be gaining a competitive advantage.”

The Sensis stats also show that small businesses that do use social media devote about 8 per cent of their marketing budget to it and the small business owner/manager personally participates in its usage.

Perhaps most tellingly, the vast majority of social media using business owners surveyed believe their investment in social media will lead to an average increase of sales of 5 to 10 per cent in the next 12 months.

The Sensis results showed there was good reason for businesses to enter the social media space,

and if they learned to listen to and participate in a two-way engagement, they could reap many benefits.

The biggest reason to use social media is that it's free. You can be a significant player online without laying out any cash, and in this economic environment cash is king more than ever. It does take time though, and in business time is money. But getting up to speed on social media is like learning to ride a bike; it's difficult and intimidating at first, but once you get the hang of it you can get where you want to go quickly—and even enjoy the ride.

Think back 15 years or so, to when you first heard of the term “Web site.” Your first thought was probably “What's a Web site?” quickly followed by “Why would I ever need one of those?” Now, of course, some of the smallest mum and dad shops in the farthest corners of the world do business on the Web. You probably had the same reaction when you first discovered blogs, text messaging, and even e-mail. Many of today's flavor-of-the-month social networking sites will go the way of the dinosaur, but the medium is here to stay.

The key to getting on top of social media is not investing a fortune on expensive new initiatives. Just jump right in. Pick a site, find a spare hour or two and sign up. Experience it as a user, and observe how others are using the site. Only in doing that can you come to understand not only how it works, but how it might relate to your company. As outlandish as it may appear at first, there's probably an application of it for your business... and profits down the track.

(Sources: Vic Employers Chamber of Commerce and Industry, Bloomberg Business Week) ■



New Harmonised OH&S Laws

For the last 3 years the federal and state governments in Australia have been working on harmonising the laws pertaining to occupational health and safety between the states of Australia. As a result, a model Work Health and Safety Act 2011 was prepared and states were encouraged to adopt the model Act in its entirety. Three states have now passed work, health and safety bills and the remaining states are expected to follow suit within the next few months.

The Queensland Parliament passed the Work Health and Safety Act 2011 (Qld) and the Safety and Recreational Water Activities Act 2011 (Qld) on 26 May 2011.

The new legislation will take effect from 1 January 2012 and the end result will be a consistency of health and safety laws between the states.

It will be important for all employers to familiarise themselves with the legislation prior to 1 January 2012 to ensure that they comply with the new standards.

A significant change in the new legislation is that the primary duty for the health and safety of workers is extended beyond employers, and will be imposed on any person conducting a business or undertaking (PCBU). Further, the duty is owed not only to employees but also to contractors, labour hire workers, apprentices, trainees and

work experience students. As such, the obligations imposed on PCBU's will be greater. Further, duties are imposed on officers of corporations to exercise due diligence to ensure that a PCBU complies with the Act.

However, on a positive note for executive officers, the provisions in the previous legislation whereby an executive officer was deemed to have committed an offence if their corporation breaches its legislative safety responsibilities have been removed. Previously, there was a reverse onus of proof which required the executive officer to establish a defence.

Further, on the upside for PCBU's, the obligation placed on them will be to "ensure" workplace health and safety to the extent that it is "reasonably practicable", which will allow for more scope for defending prosecutions.

However, penalties for breaches of the new legislation have increased markedly, both with respect to financial penalties and jail terms for company officers and individuals. All organisations will need to carry out an audit of their systems and review and revise their existing policies and procedures to ensure compliance with the legislation to minimise legal exposure. Further, it will be necessary to review any existing contracts which may require amendment to comply with the new legislation going forward. ■

Be sure. Before you insure!

Ask your Council of Queensland Insurance Broker about...

COMMERCIAL AND RETAIL INSURANCE

- Business Property
- Business Interruption
- Machinery breakdown
- Goods in Transit
- Motor
- Burglary
- Liability, Money and Loss of Rent
- Computer
- Contractors Risk
- Tax Audit

LIABILITY

- Public Liability
- Professional Indemnity
- Employment Practices Liability
- Products Liability
- Directors and Officers
- Machinery breakdown

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
- Term Life
- 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.



Wise words

Have no fear of perfection - you'll never reach it.

— Salvador Dali

"It doesn't make a difference what temperature a room is, it's always room temperature."

— Steven Wright

"Don't simply retire from something; have something to retire to."

— Harry Emerson Fosdick

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