



# Brokerwise

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## The mother of all pandemics?

### RISK MANAGEMENT/ CONTINGENCY PLAN – BEST BUSINESS DEFENCE

Hundreds of deaths in Mexico from Swine Flu earlier this year caused great concern all over the world. Over recent months much has been written and said in Australia and globally about this pandemic and the myriad ways to avoid or survive the anticipated pestilence.



But hold on. Perhaps all is not as bad as it seems. In our corner of the world, a recent bulletin from Queensland Health, dated 9/7/09, tells us Australia is in 'Protect Mode'. (See link below for more info on 'Protect Mode'). The bulletin goes on to note that; "Human Swine Influenza is not as severe for the general population as originally envisaged. Most people are making a rapid and full recovery." Fingers

crossed that the researchers responsible for that heartening news got it right.

It may not be over just yet but indications are that the bug's demise may not be too far away. Without wishing to trivialise the seriousness of the illness or the havoc wreaked upon those unfortunate enough to have been caught in its path, it seems this pandemic, the third in a line of pandemics, was, like the last two and fortunately for the majority of us, a bit of a fizzer.

But wait a moment. Could this be a dastardly plot to lower our guard? Will the next pandemic be the pandemic to end all pandemics? Serious sickness outbreaks across the globe seem to run in two or three year cycles - first there was SARS, followed by Bird Flu and this year, Swine Flu... what bodes us ill for 2011? Will another 'bug' get loose? And when the alarm goes up, who will believe the cry of "wolf" as alerts and warnings are broadcast about shoring up the defences of family and business?

Perhaps the next pandemic will be the big one, the one to test our preparedness, our risk management skills and contingency plans to get through it. Not only to survive in the mortal sense but to also ensure our businesses survive the potential side effect of economic upheaval.

As a business ever mindful of the risks and threats faced by our clients, we make no apology for presenting and proposing tried and tested strategies that, when followed, give your business a fighting chance of surviving any major threat to your enterprise. Be it storm, fire, flood or pandemic.

Our risk management strategies should allow you to sail through, survive and prosper no matter what Mother Nature throws at you. In a nutshell, you need a business continuity action plan and the first task is to identify all potential risks and threats and then follow through with appropriate levels of insurance cover.

How long is it since you had a full, business risk appraisal? Make an appointment today with your insurance broker. Your account manager has the experience and skills to tailor a business risk management and contingency plan to suit your needs. ■

#### Swine Flu update

<http://www.health.qld.gov.au/swineflu>

### INSIDE THIS ISSUE

- ① Swine Flu  
*...severity downgrade?*
- ② Airline crash  
*...counting the cost*
- ③ Tax audit  
*...it'll never happen to me*
- ④ Securitel  
*...Telstra pulls pin*
- ⑤ Fair Work Act  
*...new rules*
- ⑥ Fine art & Jewellery  
*...rising values*



## Air France air disaster

### THE WRAP UP, SO FAR

The crash of an Air France plane into the Atlantic off the coast of Brazil in June with 228 people aboard will be very costly to insurers and to the airline industry as a whole, analysts and insurers agree.



Some 15 international insurance companies share the coverage on the accident, including Allianz, Axa and American International Group (AIG).

Global Aerospace Underwriting Managers executive director, Steven Riley, whose company covered 7.5% of the coverage, said that the cost of the crash will almost certainly be the largest for an airplane accident since the 2001 crash of an American Airlines plane in New York City that killed 265 people and cost about 600 million dollars.

The loss of the Air France Airbus A330-200 aircraft itself is estimated at US\$93.5 million but the greatest part of the cost will be the compensation paid to the survivors of the 216 passengers from 32 countries that perished in the accident.

Compensation payments for aviation disaster victims are regulated by the Montreal Convention of 1999, which was signed by 91 countries, including Brazil. Under the convention, air carriers are liable for proven damages. This liability is currently equal to about US\$158,000 per passenger.

Rumours in the industry put the bottom line at up to 700 million US dollars.

The crash will also be costly because it will contribute to an increase in insurance premiums for airlines at the end of the year. After a year of fatal crashes and near disasters an insurance premium rate rise of 20% is tipped for the aviation industry. ■

## Tax Audit Q & A

Random audits, reviews and investigations are conducted by the ATO and other State and Federal Government agencies to ensure business and taxpayer compliance with various tax and legislative requirements such as Income, Land and Payroll Tax, GST, Workers Compensation, Superannuation Guarantee and Compliance and Research and Development Grants.

Here are a few timely questions and answers:

### Q How likely am I to get a random audit, review or investigation?

A The Australian Tax Office (ATO) and other federal and state agencies continue to announce significant increases in their audit activity. Now more than ever, individuals, businesses and Self

Managed Superannuation Funds are at risk of being selected for a random audit or review.

### Q What are the costs to businesses and taxpayers in the event of a random audit, review or investigation?

A If your business or individual return is subjected to a random audit, review or investigation, you are responsible for the costs involved in providing the required information. Even the simplest enquiry can require hours of work by your accountant to respond effectively - even if there is nothing actually found to be amiss.

In some cases, when there are complex environments, unusual circumstances, multiple years or multiple companies and trusts, thousands of dollars in accounting and legal fees can be incurred.

### Q How can I protect myself from the costs of random audits, reviews & investigations?

A Either as an addition to your current business or management liability insurance policy or as a stand alone insurance policy.

Contact your broker for more information or to arrange a quotation for appropriate insurance cover. ■



# Alert and alarmed

## ALARM SYSTEMS

Businesses who currently use the Telstra Securitel security alarm system need to find a suitable replacement before Telstra shuts down the network on 31 December 09.

Until now, the Securitel system has been one of insurer Zurich Australia's preferred alarm transmission systems for businesses at high risk of burglary such as warehouses storing electronic equipment and high-end retailers.

The main reason for this preference is that Securitel is a method of alarm

monitoring which provides a greater level of security than standard alarm monitoring as it is able to "poll" the phone line to ensure that it is operating properly. After 25 years of faithful service the system has now been superseded by more advanced alternatives. Which one is right for your company will need to be addressed without delay.

Zurich Risk Engineering recommends that businesses that currently use a Securitel monitored alarm system:

- replace it with an alarm transmission system that is rated a minimum Class 3
- ask the supplier to provide certification that the system has been tested and complies with a Class 3 system or greater under the Australian Standard
- ensure that the monitoring facility itself is classified Grade A1, A2, B1 or B2 in accordance with AS 2201.2:2004 (Intruder Alarm Systems – Monitoring Centres).

Security system suppliers are bound to have a last minute rush of enquiries and orders. Don't compromise your security or your insurance cover. Make the call. ■

# New rules at work

## EMPLOYMENT PRACTICES — NEW LEGISLATION

The Fair Work Act homes in on small business when the greater part of the Rudd Government's new Industrial Relations reform came into force on 1 July 2009.

With immediate effect, enhanced entry rights for trade unions and new unfair dismissal rules will restore unfair dismissal rights to every worker in the country provided they have served an appropriate probationary period. Previously, companies with less than 100 employees had been exempt from unfair dismissal legislation.

In addition, the Australian Industrial Relations Commission is currently completing the National Employment Standards (NES) award modernisation process and is expected to have modern awards finalised to commence on 1 January 2010.

Award Modernisation will see numerous Federal and State Awards simplified and

reduced in number. Australian employers must ensure that they are properly equipped to manage the transition to modern awards by commencement date as all workplace agreements will have to be updated to comply with the NES. The move to modern awards will place new obligations on employers.

A recent survey by research company, AMR Interactive found that a staggering 4 out of 5 small business said that they were not ready for the introduction of the new workplace laws in time for the 1st July implementation. Although business owners were well aware of the changes about to be implemented, 45% of them were unprepared or uncertain about the detail of the changes and their potential impact.

If you employ staff, here are a few pertinent questions to ask yourself:

- Do you have legally compliant employment contracts?
- Do you have workplace rules and policies describing what behaviour is expected of employees?
- Do you have a clear disciplinary procedure and dismissal process which has been communicated to your employees?



Businesses that don't manage these obligations properly are leaving themselves open to potential litigation from disgruntled employees.

A management liability policy can provide cover for legal costs and awards surrounding employment disputes. However, policyholders should note that these contracts carry a substantial excess when documented employment procedures are not in place. ■

# Precious things

## VALUATIONS - FINE ART/JEWELLERY

When was the last time you had your jewellery and fine art collectibles valued? Whether you have the odd piece or a houseful, chances are your precious items are worth a lot more than you think.

Jewellery is easy to categorise but 'Fine Art' is not just limited to paintings and works on paper. All manner of collectibles fall under this heading, including sculptures, porcelain, jade, photographs, tapestries, sports and other memorabilia, vintage clothing, antiquarian books and manuscripts, antiques, stamps, coins, vintage clocks, finely crafted musical instruments and even wine.

Like any other item in your home, it is important that your jewellery and artworks are properly covered in case of theft, fire or other misfortune. Although no amount of money can replace your prized collection, it can help you to rebuild it. First and foremost, insuring your collection involves talking to your broker. It's important to find out whether or not your precious items are covered under your current policy and if not, how best to rectify the situation and get proper cover.

Having an established value is important so consult a professional valuer.

The valuation fee will likely prove to be insignificant in the event of an insurable event further down the track, especially if your collection is of significant value. With a written appraisal you will be able to prove the worth of your valuables. In addition, your policy may require you to photograph and/or video your entire collection but do it anyway, it will make a future claim an easy process. If possible, make sure that the date stamp is imprinted on the photo(s) or displayed on the video. Include images of yourself wearing the jewellery or show an art piece in-situ in your home.

As a final step to documenting your collection, take a written inventory of each piece, including a detailed description. Once you have all of the necessary paperwork and information gathered, it's important to store the appraisal, your insurance policy and any written, photographed or video documentation relating to your collection in a safe place easily accessible by you or your family.

While this may seem like a lot of work now, it will prove to be worthwhile if an event results in the loss of your collection. While you may never need to enforce the coverage, it will provide you with great peace of mind just knowing that it is there. ■

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 50 Queensland firms employing nearly 400 staff and placing \$400,000,000 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](http://www.cqib.org.au)

This publication is a general summary only and should not be relied on as a substitute for insurance broking advice.

# Wise.words

Success isn't permanent, and failure isn't fatal.

— Mike Ditka

"Convinced myself, I seek not to convince."

— Edgar Allan Poe

"Don't confuse being 'soft' with seeing the other guy's point of view."

— George Bush, Sr.

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