



Brokerwise

Brought to you by: **Regional Insurance Brokers**

Road Haulage of Dangerous Goods

GRAVE CONCERNS

Screaming headlines and vivid news broadcasts about the escalating number of truck horror smashes have triggered debate about the transportation of Dangerous Goods in Australia.

During the Christmas holidays last year in NSW, two children and an adult were killed in a horrendous accident involving a fuel tanker which was almost completely obliterated. In April this year, a fuel tanker driver was rushed to hospital with head injuries after a truck crashed into the back of his tanker – it took 5 hours to transfer 43,000 litres of fuel before the road could be cleared.

A recent spate of fatal accidents has highlighted the need for risk assessments in freight decisions by transporters of Dangerous Goods. Such accidents have prompted the Rail, Tram and Bus Union (“RTBU”) to urge State and Territory governments to amend legislation to prohibit the long-distance transportation of Dangerous Goods by road, and require that they be transported by rail.

The current trend of transporting Dangerous Goods by road rather than by rail has been driven by a number of factors such as the under-investment in the rail network; the perception that rail transport is impractical e.g. the need to move fuel from rail lines to petrol stations via road; and the priority given to passenger trains within the network. Whilst legislation is in force to govern transportation of Dangerous Goods, there are grave concerns that increasing economic pressures faced by long-distance road transport drivers and operators will adversely affect compliance. Regardless of such pressures, persons conducting a business which involves Dangerous Goods transport will be guilty of an offence if they fail to do so in a safe manner and in accordance with law.

This short article is a reminder that persons involved in the transportation of Dangerous Goods have many obligations under national, state and territory laws, regulations, codes and standards. When regulators assess whether laws have been complied with, they will review and consider the choice of transport method and mode. While rail transport may not be viable in your business, informed assessment and decision making should be documented.

There are a number of insurance related issues which should be considered:

- Under the Australian Dangerous Goods Code, there are minimum insurance levels required for each unit of a vehicle carrying a placard load. There are penalties for not having the required cover.
- Always disclose to your insurance broker and insurer if you carry Dangerous Goods.
- Check your current motor vehicle insurance policy to ensure you are sufficiently insured for own damage and third party damage whilst carrying Dangerous Goods.
- Directors stand to face personal legal liability actions if the company breaches the law.
- In the event of a spill the Environment Protection Authority (EPA) may prosecute for an offence and require clean up of the pollution or contamination.
- Despite the potential of catastrophic accidents involving Dangerous Goods, there are still a number of insurers that are prepared to underwrite such risks.

The above information merely touches on some of the daily risks and obligations

faced by those in the transport industry who transport Dangerous Goods by road. As it is a volatile and expansive area of business with ever-changing regulations, you need to keep up to date with legislative requirements and any change should be discussed with your legal adviser and/or insurance broker. ■



INSIDE THIS ISSUE

- ① **Dangerous Goods**
...are sharing our roads
- ② **Happy Anniversary**
... CQIB
- ③ **Nature Attacks**
... regularly
- ④ **Marrying for Money**
... on a lighter note
- ⑤ **Be Your Own Boss**
... buy a business
- ⑥ **Workers Comp**
... changes imminent



Milestones **CQIB AND BROKERWISE**

Welcome to the 45th issue of Brokerwise, now in its eleventh year and still going strong. We think that would have to be a record for a printed newsletter, especially in these digital times. Perhaps it shows that people still like the touchy feely of the printed page, although we now offer Brokerwise in digital PDF format in addition to the printed version.

Brokerwise was established way back in 2000 to provide "a variety of interesting stories, opinions and news" for clients of CQIB member brokers... and not just stories about insurance issues either, although insurance in some shape or form seems to sneak into most Brokerwise articles. Funny that.

As well as articles about insurance related matters that affect Australians directly, the effects and ramifications of many world events have also been covered, or touched-on, in Brokerwise. From the 9/11 World Trade Centre catastrophe to Hurricane Katrina dumping on New Orleans and, closer to home, the HIH debacle and natural disaster events of bushfires, floods and cyclones of which there were many. In the world of insurance... there's always something happening.

Brokerwise is published by the Council of Queensland Insurance Brokers (CQIB) a not-for-profit organisation founded in 1980 by 5 Queensland insurance brokers.

'Queenslanders servicing the needs of Queenslanders' was the 'reason for being' at the formation of the CQIB as it is to this day, 30 years on. An organisation dedicated to mutual support, the fostering of professionalism and the sharing of ideas, information and knowledge.

Today the Council represents over 60 Queensland firms employing nearly 400

staff and placing in excess of \$500,000,000 in annual premiums. The highlight of the CQIB year is the May Day long weekend when broker members and business partners – and many of their families, get together for the CQIB Annual Convention. The 2010 event just past was held on the Gold Coast when some 400 delegates gathered for 3 days of learning, sharing and networking.

Once again the generosity of our extended 'family' was in evidence at the Convention on the announcement that in excess of \$70,000 had been raised during the year by members, business partners and friends of CQIB for the CQIB supported charity for the past 3 years, the Royal Children's Hospital Foundation.

Not many people know this but CQIB is one of the largest business supporters of RCHF and it's pleasing to report that the same charity has been adopted as the CQIB fund raising beneficiary for a further 3 years.

Happy 30th Birthday CQIB... and a sincere thank you to our generous supporters of RCHF. ■



Natural Disasters **COST TO THE COMMUNITY**

WE LOVE A SUNBURNT COUNTRY... BUT, IT COMES AT A COST!

Australia experiences a range of 'natural disasters' including bushfires, floods, severe storms, earthquakes and landslides. These events are considered both part of the natural cycle of weather patterns in Australia and an effect of human factors such as overstocking, vegetation loss, dams, groundwater and irrigation schemes. Fire can often follow drought, and drought can be followed by flood. Severe fires followed by drought can also contribute to soil erosion. It's a never-ending merry-go-round.

But is the frequency of these natural disaster events increasing?

A quick review of some the events which have occurred since the start of 2009 may indicate an alarming trend:

February 2009 – Black Saturday bushfires, despite the best efforts of the frontline emergency services, claimed 173 lives, destroyed 2029 homes and more than 400 hectares of land and cost insurers about \$1.1 billion.

March 2010 – the Melbourne storm, which was not just a hail damage event but also combined extreme water run-off and high winds, resulted in over 106,000 claims with insured losses of \$890 million.

March 2010 – Cyclone Ului crossed the Queensland coast near Airlie Beach, costing cane farmers up to \$60 million in crop damage, and produced flooding in the towns of St George, Roma and Charleville in south-west Queensland, where more than a dozen rivers experienced flood conditions. This has resulted in over 7500 claims with estimated costs totaling \$120 million.

March 2010 – a severe storm hit Perth resulting in over 120,000 claims with insurers likely to ultimately pay out over \$880 million.

April 2010 – Earthquakes struck Adelaide (magnitude 3.8) and Kalgoorlie (5.0) but reported losses have been minimal.

Which part of Australia is set to feel nature's wrath next we wonder? That's anybody's guess. Might be a good idea to check all your insurances though. ■

*I love a sunburnt country, a land of sweeping plains,
Of ragged mountain ranges, of droughts and flooding rains.
I love her far horizons, I love her jewel-sea,
Her beauty and her terror - the wide brown land for me!*

'My Country'
by Dorothea McKellar
(1904)



Marrying for Money

When Dan found out he was going to inherit a fortune when his sickly father died, he decided he needed a woman to help him enjoy it.

So one evening he went to a singles bar where he spotted the most beautiful woman he had ever seen. Her natural beauty took his breath away.

"I may just look like an ordinary man," he said as he walked up to her, "but in just a week or two, my father will die, and I'll inherit 20 million dollars."

Impressed, the woman went home with him that evening and, three days later she became his stepmother... ■



Starting or Buying a Business?

CONSIDERATIONS WHEN BUYING A BUSINESS

If you started your business enterprise many years ago this may seem like we're teaching granny to suck eggs.

But for those in paid employment about to make the move into self employment; or those about to help offspring or spouses into a business venture, we hope the following will help you avoid some of the modern day pitfalls of that great, free market tradition... 'Owning my own business'.

Starting a new business or buying an existing one is not for the faint hearted. There are all sorts of traps for young and not so young players. To avoid the slippery slope of failure you need to have, or be willing to learn, some basic business strategies. Seek out a mentor who's been there and done that. You'll also need professional advice from a lawyer, accountant and insurance broker to help shore up your chances of success.

Before you take another step toward being your own boss, especially if buying an existing business, here are a few things you should consider:

Buying a business?

Why is the vendor selling?

Goodwill

Is it part of the price component... and if so, is it fair?

Competitors

Who are they? How can you do better?

Sales

Know the patterns and trends. Know your customer base and current suppliers.

Costs

Assess them all - fixed and variable, and the biggie... staff costs.

Profits

Analyse past financial records, future cash flow projections and profitability.

Assets

Identify and check all assets including intellectual property rights.

Liabilities

Are there any financing commitments of current owners? Outstanding debts? Is there any liability for refunds and warranties?

Purchase agreement

To be reviewed with great care and through the eyes of your lawyer.

Tax

The government's share in your endeavour - GST, Capital Gains Tax, Stamp Duty, etc.

Legal issues

Leases. Business structure. Employment conditions.

Insurance

Costs and extent of cover.

And don't forget the business plan:

- Put in the time and effort to create a thorough business plan that is meticulous and detailed.
- Consider goals for the business to help you stay clear and focused.
- Work the financial budget into the plan down to the last detail.
- Consider funding and strategy for marketing and advertising.
- Explore your options for sources of funds.

There is real freedom and reward in being your own boss although for many it can be an exploding minefield... but get it right and the world is your oyster.. ■



Workers Compensation

PROPOSED CHANGES

The Queensland government recently announced reforms to the Queensland workers' compensation system.

The WorkCover board had been pushing for the government to implement a 10% or 15% whole person impairment assessment threshold for access to a common law claim in workers' compensation matters. The introduction of a 15% whole person impairment threshold would eliminate approximately 97% of common law actions. A 10% whole person impairment would amount to the elimination of 66% of common law claims.

The Queensland government issued a media statement on 27 April 2010 announcing they would not be introducing a threshold for access to common law rights. They will, however, be introducing some reforms that will have the effect of reducing the quantum and number of claims. Amongst these is that workers' compensation claims will be subject to the Civil Liability Act 2003, including imposing a cap on general damages and damages for economic loss. General damages will be capped at \$300,000. Damages for loss of earnings will be capped at three times Queensland Ordinary Time Earnings (QOTE) for the

purpose of calculating annual earnings. QOTE is currently \$1,132.10 per week.

The workers' compensation legislation will also be amended to water down the effects of a couple of recent court decisions relating to the Workplace Health and Safety Act 1995 which have made it an extremely difficult task for employers to defend claims where a worker has suffered an injury in the course of his work duties.

There is some downside for employers in the proposed reforms. There is expected to be a premium increase from \$1.15 per \$100 of wages paid to \$1.30. Queensland will still enjoy the lowest workers' compensation premiums in the country however. Further, the excess on claims will increase from 65% of QOTE (\$740 for most employers) to 100% of QOTE (\$1,132), or one week of compensation, whichever is the lesser amount.

WorkCover and Workplace Health and Safety are also to start auditing employers with poor safety records and if their performance doesn't improve, WorkCover will be given the power to raise their premiums above the cap.

The legislation to introduce the reforms is expected to be introduced into Parliament by mid 2010. ■

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 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

You miss
100 percent of
the shots you
never take.

— Wayne Gretzky

“The ‘Net’ is a waste of time, and that’s exactly what’s right about it.”

— William Gibson

“Unless we change direction, we are bound to end up where we are heading.”

— Ancient Chinese Proverb

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