



# Brokerwise™

## Driven to Distraction

### INTERSTATE DRIVERS BEWARE

New mobile phone laws came into effect late last year in New South Wales where if your vehicle is moving or stationary, you can't utilise your mobile phone in any way.

Counterparts in other states and territories, including Queensland, have yet to confirm whether they are introducing the new laws although Queensland Police have a zero tolerance attitude toward mobile phone usage by drivers. Last financial year, Queensland Police fined 30,780 drivers

for talking or texting on mobile phones at the wheel, or at the handlebars, as was the case with 76 cyclists.

Thirty thousand people breaking the law! And that's only the ones who were caught which suggests education, or lack of it, is the problem. When to use and when not to use a mobile seems common sense to most of us but we imagine some individuals have over-confidence in their multi-tasking capabilities. Lets hope we don't meet them by accident.

The legal penalties for these offences, at a mere \$330 fine and loss of 3 points

currently in Queensland, have a way to go before they truly discourage. The social penalties following a bad outcome though, i.e. a crash, are much worse.

If you want the hard facts and statistics of the consequences of phoning and driving, the *Centre for Accident Research & Safety* put out a comprehensive document on this and other issues. It's required reading for some. Perhaps you've been an 'edge of the seat' passenger of someone who would benefit from the knowledge.

[www.carrsq.qut.edu.au](http://www.carrsq.qut.edu.au) ■

## Between The Sheets

### NO INSULATION FROM DISASTER

When discussing the insurance of your building with your broker it is prudent to address not only the construction materials of your building but also what is inside the building.

There is a wide range of building products available today and naturally those considered potentially hazardous are classified accordingly for special attention

by relevant authorities under the Hazardous Goods Act. Included in this classification are many materials with higher than normal volatility potential for fire or explosion.

One such material is Expanded Polystyrene Panelling or EPS Panelling. A construction product usually made of two outer metal sheets with a polystyrene foam core between the sheets. It is cost effective and lightweight with very good insulation qualities but it is a potential fire risk and presence on your property must be discussed with your insurance broker.

Its insulation properties and lightweight make it ideal for use as walls in refrigerated cold rooms or Controlled Atmosphere Areas. It's also found as walls and partitions in offices and often utilised as a roofing material or decking.

The most serious hazard is that polystyrene foam is easy to ignite and only requires

a small portion to be exposed to heat. When even a small area catches fire it rapidly spreads throughout the core panels and the resulting flammable liquid, giving off toxic fumes, leads to a rapid spread of fire. The metal skin melts resulting in loss of structural strength and the blazing collapse of the structure.

Insurers acceptance of this product varies from insurer to insurer. Some insurers will not offer any cover whatsoever. Others will accept the presence of some EPS but the increased risk is reflected in premium loadings.

It is crucial that the percentage of EPS present in or on your premises is calculated and declared. Non-declaration, even of small amounts of EPS in your building risks the claim being rejected in total. There are recognised methods for that calculation and this can be discussed with your broker. ■



## What Lies Beneath

### THERMAL IMAGING REVEALS

Every home and every business has a relatively small piece of equipment tucked away that once installed is usually forgotten about. It's the electrical switchboard – the vital hub that helps power homes and industry... and life as we know it in the 21st century.

Humming away quietly year after year, it's true that nothing much can go wrong with the modern switchboard. But when it does, the consequences can be catastrophic with a major risk of fire. But even a simple failure of the switchboard, no fire, no damage, can be almost as bad, at least financially, with a mountain of inconvenience and cost to put right.

When applying for Equipment Insurance in your business premises, some insurers will request thermal imaging is undertaken, particularly if the premises and/or equipment are more than 10 years old.

But regardless of age, thermal imaging can reduce your exposure to equipment

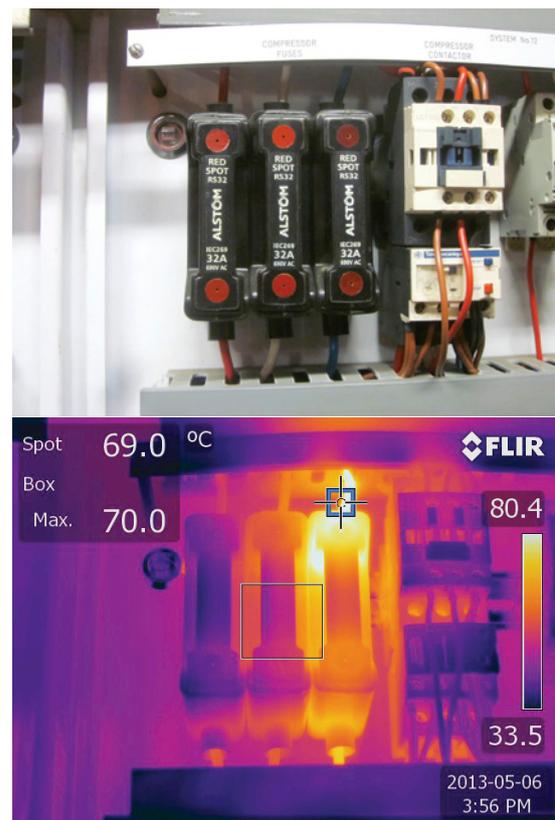
breakdown risks. This service detects abnormalities in electrical and mechanical equipment so you are aware of potential problems and can program maintenance to repair in a scheduled, orderly manner before you experience a sudden unscheduled shutdown, or worse.

The photos (right) were taken in a supermarket plant room where refrigeration is controlled. The normal photo (top) shows part of the switchboard, visibly quite normal, nothing wrong there it seems. The photo below is a thermal image of the same scene with disaster clearly looming.

A failure of this board, even if no fire ensues, will have massive downtime cost consequences for the business owner.

In this case, with the report completed overnight and sent to the client, the service electrician has the ability to get to site, assess the severity of the fault, order replacement parts, program in a repair schedule and have this particular problem repaired before a major catastrophe takes place.

Thermal imaging can save lives and livelihoods. Contact your CQIB broker for more information. ■



## Comparison Websites

### APPLES VS ORANGES?

Recently there has been a proliferation of websites offering free and so-called independent comparison of the benefits and costs of the Policies offered by a number of Insurance Companies.

Generally, these sites are limited to the more seemingly 'simple' covers, such as House, Car and Health...but are they what they say they are?

The Australian Securities and Investments

Commission (ASIC) recently issued a 58 page Regulatory Guide to help these promoters comply with their legal obligations as some were found to be making false or misleading statements and engaging in misleading or deceptive conduct.

In the Guide:

- Attention is drawn to the need for the comparison websites to identify the occasions when the offers seemed unqualified but were in fact subject to a number of conditions.

- There is a requirement to avoid comparisons based mostly on price as very different insurance product features make price comparison inaccurate, if not impossible.
- Website links to insurer companies must be clearly identified. ASIC found that the operators of some of these sites were owned by one of the Insurers they recommended.

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- There is a re-statement and reinforcement of the need for site operators to be properly licensed. ASIC found that some operators were not appropriately licensed or authorised to provide financial services, as required by the legislation.

A recent examination of one site showed that of the twelve Insurance Brands being compared, all but four were related to the entity providing the comparison.

Dallas Booth, CEO of National Insurance Brokers Association (NIBA) welcomed the ASIC measures and said that many people did not realise that a number of insurance brokers deal with personal as well as commercial insurance and their role

is to represent the buyer not the insurer.

“It is wise not to just shop around on price. Insurance is a very competitive market and insurers will offer the same type of cover but with different terms and conditions tailored to what they believe best suits their customers. Brokers know what’s available in the market and are qualified to give professional advice tailored to a policyholder’s personal needs, including the appropriate level of cover. Their role is to get the best deal for the policyholder,” he said.

If you are simply looking for cheap insurance and are willing to gamble that an insurable ‘event’ won’t happen to you, these sites may be suitable for you, but

remember, to make something cheaper is relatively easy...you just remove more of the benefits. But, if you want professional advice that tailors a solution to your requirements, consult your CQIB broker. ■



## A Word of Warning

### RESIDENTIAL PROPERTY INVESTORS BE AWARE

If you have an investment in the residential property market there are some real exposures that you need to protect against.

This was clearly evidenced by a recent decision in the Queensland Court of Appeal. A mother of four lived for 18 months with the fear of contracting HIV after being stuck by a needle while holidaying in a ‘filthy’ Brisbane apartment. She had begun cleaning the apartment three days into their stay after getting little response to her complaints about the dirty state of the rooms.

It was while she was cleaning dirty and sticky internal stairs that a discarded needle, hidden by dust and fluff, pierced through a rubber glove and became stuck in her finger. The Court found that “a reasonable person (the landlord)... would

have taken the precaution of properly cleaning the premises”. The Court found in favour of the mother and awarded her \$494, 750 in damages and costs.

Unit owners are required by legislation to pay body corporate fees, which usually include the cost of insurance. But Body Corporate (Residential Strata Title) Insurance does not provide cover for the assets or liabilities of individual unit owners. It is critical that these unit owners effect a Residential Landlords’ Insurance in their own names covering everything in their unit (even the painting on internal walls in some cases), their liabilities for damage and/or bodily injury to third parties. These policies should also provide optional covers for Rent Default, Theft by Tenants and Loss of Rental Income.

It was recently reported that half of the nation’s DIY landlords don’t have any type of landlords insurance at all, while a further

20% of investors who use a professional property manager are also uninsured.

Landlord insurance is an inexpensive, tax-deductible policy that offers peace of mind for property investors – who, if they are sued, could lose everything.

If you are in any doubt about what cover you need for your investment property, contact your insurance broker for advice. ■



# You Made The Call

## BUT ARE YOU COVERED?

Australians have one of the world's highest numbers of mobile phones per head of population. And we just love those app gadgets and the ability to send emails via our phones and pads. But how does this fit into the insurance environment?

On the positive side, they enable consumers to send messages to their broker... and the broker to send messages to the office or the insurance company to keep the momentum flowing for clients' requests, quotes etc. All stakeholders; clients, brokers and insurers, have quicker and greater access to each other which is important in a service based occupation.

The negative to the speed and accessibility of the positive benefits, however, can be the temptation to put too much reliance on mobile technology. It can be the quick fix that leads to financial disaster.

Let's say you've bought a commercial property; you've sent an email on your smartphone to your broker. Let's hope the email address is correct and any other technical problems are not applying to this scenario. Until you have

confirmation that the cover requested is in place you should NOT assume that it is. Weekend or after hours requests especially can be further delayed.

On receipt of your request, not only must the broker have access to the insurer to provide all relevant information, there are a number of factors that may apply to the property before cover is in place. For example, underwriting conditions in a whole range of situations may require further information. These can be quite involved and lead to delay before cover is offered. The reality is that an email to your broker requesting cover is just the first link in a chain of events.

Mobile technology allows instant communication but time is required to complete the necessary documentation and do the job properly. Advance warning to your broker about your intended investment will allow the market to be explored and suitable cover, with an appropriate premium, selected which is surely the best outcome for all concerned. ■

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](http://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

"The brighter you are, the more you have to learn."

— Don Herold

"Make three correct guesses consecutively and you will establish a reputation as an expert."

— Laurence J Peter

"One way to make sure crime doesn't pay would be to let the Government run it."

— Ronald Reagan