

Brokerwise



News about issues that affect your business

INSIDE THIS EDITION

- Construction Site Chaos
- COVID-19 Implications for Business Insurance
- COVID-19 Compensation Claims Data
- Insurance Premiums on the Rise?
- Consequences of Owning a Dangerous Dog
- Road Rage
- Celebrating Christmas Safely

How to Deal with Staff Pilfering From Your Construction Site

Theft from Australian construction sites are disturbingly common and accounts for around \$1 billion in costs worldwide.

Not to mention less than 25% of stolen equipment is recovered. Even if police find the stolen equipment, they have little chance identifying that it belongs to you. It is easy to rebirth or sell second-hand equipment or machinery because there is no nationally consistent identification system.

Police also tend to list the crime as 'General Property Theft'. That's another reason the figures are all unclear when it comes to the total dollar value of theft from construction sites.

This is what we do know. High-cost machinery theft alone from such sites costs \$650 million annually in Australia. Meanwhile, about \$140 million of plant equipment is stolen from construction sites each year, according to the Construction and Mining Equipment Industry Group. Add to that stolen building materials, including copper and metal, and the figure balloons.

If you're not reporting or lodging claims for thefts, you're paying for it in time, replacement costs and disruption to your schedule. However, if you do claim, your insurance premiums could increase.

Here are four tactics to reduce the risks, including if it's an insider job.

Controlling Inside Threats:

Set your rules and make no distinction about pilfering - that's also stealing. However, if you do not mind your staff taking leftovers or scrap, be explicit on how and where you draw the line. Savvy builders set out clearly and early the consequences of theft from their businesses. At induction, staff and subcontractors should read

your theft-prevention policy and sign to confirm that before they start working for you. Follow these rules to the letter, so everyone is aware of the seriousness of the situation.

Consider tallying what theft costs your business and sharing updates of that figure with your staff and subcontractors. Use it as a lead-in to remind them periodically of your theft-prevention policy. Also, offer a way for your staff and subcontractors to report others' thieving and do it in a way that doesn't sound like you distrust everyone.

Lock and secure equipment when not in use to reduce the temptation for theft. After hours, you might opt for security guard patrols and/or a guard dog. Secure your site with tamper-proof fencing and night-time lighting.

Getting Tech On Your Side:

Don't be a soft target - use tech to protect. Motion-detection cameras can alert you via your mobile phone who's on-site and when leaving you to ask why.

Geo-fencing will set up a virtual fence around the area you set, as well as if you have GPS tracking in your plant, you'll know what moves when in real-time. Ideally, the equipment will have an internal and back-up battery so even if it's switched off, it will relay information.

Subsequently, even if it's switched off, it will relay information. If you have several pieces of equipment that use the same key, consider an online register to show who obtains them.

Better still, some construction machines have an inbuilt electronic keypad, which helps prevent theft through immobilisation or from unqualified operators using them.

Keeping Better Records:

Online tech will also help you improve how you set up and maintain your equipment and plant register. You'll need regular photographs of your inventory, showing or noting serial numbers and distinguishing features such as wear. Upload these to an online cloud-based database so that you can access it anywhere and anytime. Brand your equipment. For handy evidence, get in the habit of taking photos of your site at the end of every workday, then check those images when you next arrive. Records will also help with scheduling just-in-time delivery of building materials and track their movement from then on.

Having the Right Insurance:

You've got plenty of insurance options as well to manage the risks in your construction business when it comes to theft. They can cover tools, plant, equipment, loss or damage of property, vehicle and heavy machinery, etc. We can guide you on minimising your risks as well as protecting your business with tailored insurance.



Doing Business Differently In 2020

There is no question that COVID-19 has changed the way we live, work and transact in 2020. The impacts of these changes may yet be felt for many years to come.

While we are all rapidly adjusting, it is important to consider the actual or potential business insurance impacts. Some questions that may assist you in starting this review process are:

- Have you changed the way you work or do business? Has your business grown or contracted?

If the answer is 'Yes', a comprehensive review of your business insurance program may be necessary. The following are just a few examples of how your business, and correspondingly insurance needs, may have changed in recent months as a result of the COVID-19 pandemic.

Social distancing and other protective measures: You may have had to increase measures taken to protect your service providers, customers and workers from COVID-19 exposure such as:

- Informing service providers, customers and workers of the risks of COVID-19 and keeping that information up to date;
- Directing and ensuring isolation for those who have returned from travel or who have been in contact with a known COVID-19 case or have a respiratory illness.
- Providing PPE, masks and/or sanitisation products; and
- Extensive cleaning protocols.

It is important to consider what the potential exposure of your business is if the above fails and someone contracts COVID-19 through that failure. You should ensure that not only your business, but the businesses of those in your supply chain, are appropriately covered for any liability that may ensue. For example, there may be some interesting liability exposures following the Victorian Quarantine Royal Commission.

Working from Home:

Working from home (WFH) has become the new normal for many businesses.

As an employer, you retain a primary duty of care and must do what is reasonably practicable to ensure the health and safety of your workers, including when allowing workers to WFH.

This extends to ensuring that your worker WFH has:



- A clear understanding of work and workload expectations;
- Established boundaries between work and non-work time to avoid stress and fatigue;
- Encouragement and a means of remaining in contact with the worker's team to avoid isolation;
- A safe workspace in the home, including an ergonomic desk set up
- Equipment that is safe, well maintained and in good working order; and
- In home safety such as operational circuit protectors and smoke alarms

The exposure of employers to workers who are injured when working from home was highlighted by a recent, widely publicised decision in **Workers' Compensation Nominal Insurer v. Hill [2020] NSW CA54**. In that case, the worker was executed by her paranoid spouse when working from home and the employer's insurer was found liable to pay her children benefits. The New South Wales Court of Appeal found that the spouse's paranoia related to the way she worked from home and therefore "the fact of her employment was a predominant and potent cause of the injury".

You should also consider whether your workforce has contracted or expanded, whether you have moved workers to contracts and whether they are working fewer or greater hours, as this may impact the premium you are paying for workers' compensation insurance.

Unused Business space and assets:

There are so many potential impacts of COVID-19 on your business premises and other assets, including the following:

- If your premises are currently not operational - can you seek a reduction, deferral or payment plan for premium?
- If your fleet or machinery are not currently in operation, can you seek a reduced rating on the basis they are 'laid up'?
- If you have increased or decreased stock, are your premiums impacted?
- If your turnover is affected, are you paying too much for business interruption cover?

Cyber Risks:

More than ever, businesses are heavily reliant on technology and connectivity as part of their daily operations. Cyber insurance policies are designed to provide pre and post incident support to businesses against the growing threat of cyber events and ensure operational continuity throughout any cyber event. This is essential cover for businesses who are primarily relying on technology to stay in business.

Travel:

You may reconsider the need for travel insurance for the next 12 months given travel restrictions are likely to be in place in some form or another until a vaccine for COVID-19 is discovered.



New COVID-19 Workers' Compensation Claims Data

- 533 workers' compensation claims related to COVID-19 were lodged in Australia.
- 34% of these claims related to mental health impacts of COVID-19
- 34% of workers' compensation claims lodged were from the health care and social assistance industry
- 17% of workers' claims lodged were from the public administration and safety industry
- The 'community and personal service workers' occupation had the highest number of workers' compensation claims.

Data is provided by claim type, industry, occupation, age, gender and jurisdiction. Key findings show that as of 31 July 2020 and collected from relevant Commonwealth, state and territory worker's compensation authorisers Safe Work Australia.

Insurance Premiums on the Rise?

The Australian Insurance Market has long been described as cyclical, for instance: it moves through both hard and soft market conditions.

In a 'hard' market premiums increase and underwriting capacity is eroded. 'Soft' markets are characterised by falling premiums and aggressive insurers chasing market share. Based on recent evidence, it is estimated we are currently somewhere between twenty and ten to the hour on the insurance cycle clock. The answer to this question is multi-faceted, but the key factors can be summarised as followed:

1. Poor Underwriting Results

Being a claims-made class of insurance, it takes several years for Insurers to have a true guide on their ultimate loss ratio for any one year. The latest Australian Prudential Regulation Authority (APRA) statistics show that for the 2013 year, the loss ratio was 99.6% and is hovering around 80% for the subsequent three years.

Consequently, this means that back in 2013, for every \$1 premium an Insurer collected they are paying out \$0.99 in claims.

This figure excludes the Insurer's operating expenses which on average sit at around \$0.30. Therefore, Insurer's loss ratios need to be under 70% - taking into account operating expenses - in order for them to generate a profit. It is understandable why Insurers are looking to push up rates!

2. Low Investment Returns

Low interest rates mean that Insurers can no

longer rely on their investment returns to bolster unprofitable results. The decline in world real interest rate is unprecedented and has dipped to about 0.5% since 2016 which is lower than it did even during the Great Depression in the 1930s.



(Source: Global Trends in Interest Rates – Federal Reserve Bank of New York 9/18)

3. Construction Concerns

The construction sector has been a source of ever-increasing liabilities for Insurers, both in terms of the number and value of claims.

The industry is still reeling from the Grenfell Tower fire in the UK and the Neo200 tower fire in Melbourne in 2019.

The potential need for costly remedial work to hundreds of similar buildings has led to a wave of notification to professional indemnity Insurers.

4. The Lloyd's Review

At the end of 2018 Lloyd's of London conducted a review of its worst performing lines of business and non-US Professional Indemnity Insurance was identified as one of the worst, with claims payouts substantially exceeding premium income. Lloyd's reacted with several measures designed to compel improvements in performance, including requiring its syndicates to submit plans to ensure a swift return towards greater margins on pure underwriting and profitability. For many syndicates this meant the end of their presence in the market or substantially reduced capacity.

5. Low Societal Trend Toward Increased Litigation

This trend was exacerbated by larger payouts and the greater proportion of actions being awarded in favour of the plaintiffs and ultimately, against Insurers.

6. A Hardening Reinsurance Market

The reinsurance market is where Insurers buy their own insurance and allows them to spread their risk around the world by taking out cover against large losses they may face, for instance; US and UK markets have to pay out on global hurricanes, flood and aviation losses. The global reach of COVID-19 could have a more significant impact on the reinsurance market as countries around the world face similar accumulation of risk and impacts upon their economies, making it more difficult to find opportunities to spread localised risks.

Is He Really Your Best Friend?

Recently, following an attack by neighbour's dogs while playing in a friend's yard, a child was awarded \$315,500 for injuries.

Prior to the attack, the dogs were securely enclosed in their owner's premises. The child climbed onto a tree stump on the adjoining property and then stood on a cross beam of the dividing fence, with his hands at the top of the dividing fence, so that he could look next door at the dogs. One of the dogs leapt up and bit him on his arm, while the other dog leapt up and bit him on the face.

The laws relating to dog attacks vary with some states automatically making the dog owner liable for any injury caused, irrespective of any negligence on the part of its owner, unless...

- The attack occurs on the property occupied by the owner,
- Following the intentional provocation of the dog

In Queensland the position is not as tough with the position here that there are three instances where the owner could be liable

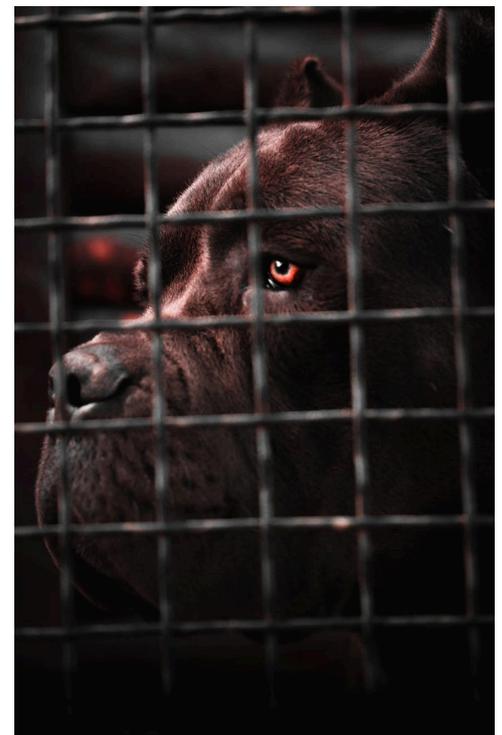
- The dog is already registered as a dangerous or menacing animal

- The owner is aware that the dog has previously been guilty of an attack
- The owner was negligent in some way by failing to take reasonable steps to prevent the bite, such as allowing it to escape its yard or allowing it to be off-lead outside its yard

In this particular case, the court took into account that cosmetic scarring and disfigurement the child had suffered to his face and arm, as well as all future surgery and lasting psychological problems, would cause him ongoing issues with his leisure and working life.

Given the child being a minor, there was speculation that the award could be much higher. Noting that as he grew older, he would inevitably be confronted with a daily awareness of his facial disfigurement and that he would be disadvantaged in competing for employment in a range of occupations.

With the proliferation in the number of dogs being purchased in the "COVID-19 period", the decision is a reminder to appropriately train your dog, ensure that your fencing is adequate. If you have concerns, ask your CQIB Broker about liability cover under your policies.



Road Rage: The Growing Monster

It's affecting drivers around the globe. It claims hundreds of lives every year and happens day-by-day on our roads.

It's called road rage, a condition that often involves anger or violence associated with on-road driving activities. Many government departments have determined that road rage is not a myth or an invention of the media. Rather, it's a real and serious problem that manifests itself through bizarre and often violent behaviour.

A recent NRMA survey found that one in five drivers have committed road rage - with 22% of these incidents occurring with children under the age of 15 in the car.

What can be done?

Most experts agree that the first step is to prepare yourself so you will not be the next victim.

This means avoidance at any cost. You never know if the driver beside you is a ticking-time bomb or has concealed weapons in their vehicle. It's best to avoid any altercation with other motorists - period!

Governments and other groups are currently trying to solve this problem through regulations, enforcement and increased penalties. Solutions take time. Don't become a victim - take preventative measures now!

Things that really made Drivers' blood boil were the types of problems we all experience today, including:

- Drivers who don't give the 'thank you' wave.
- Drivers who slam the brakes unnecessarily.
- Drivers who merge without indicating.
- Drivers who cannot keep a consistent speed.
- Drivers who are too slow for traffic flow.
- Drivers that don't allow others to merge.
- Drivers who cut other Drivers off.
- Drivers who text and drive.
- Tailgaters.
- Drivers who use the right lane incorrectly.

How not to be swept up in driving anger:

- Give a friendly wave when a Driver lets you in.
- Stealing another Driver's parking spot is a no-no.
- Always indicate so other Drivers know what you're doing.
- Unnecessary horn beeping is never appreciated.
- Refrain from obscene gestures and verbal abuse.
- Let other Drivers in when they're trying to merge.
- Don't tailgate fellow Drivers.
- Don't block intersections.
- Always give way when required.

Stay cool and you'll have a better chance of keeping your car and other motorists in good stead, ultimately arriving safely at your desired destination.



COVID Christmas: How to Celebrate Safely

Send Out Christmas E-Cards:

Wish everyone a Merry Christmas and a very safe and joyful holidays via email, messenger or another social accepted network.

Christmas Light Drive-By:

Head to the neighbourhoods that always go above and beyond and drive by to take in the Christmas spirit.

Baked Goods:

If you're looking for social distancing Christmas ideas to keep your family busy, try baking! You'll keep the kiddos occupied all day

Christmas Movie Marathon:

Host or attend a Christmas-themed movie night to get in the holiday spirit. Use Netflix or another streaming service to watch a Christmas movie together over Zoom.

Christmas Crafting:

Encourage kids who may be stuck at home to "help" decorate with paper snowflakes, popcorn lights, setting table stylishly or creating your own Bonbons.

Cookie Decorating Party:

Send each family a cookie decorating kit or gingerbread house making kit to get creative together on Zoom.

Adjust Your Food Situations:

- Instead of family-style, buffet-style... designate one person to handle and serve food for each meal.
- Instead of abundant cheese boards... make small snack boards for each immediate family or individual. The same goes for bowls of nuts or sweets.

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 57 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. The CQIB



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.

Your Insurance Broker

ABN: 90 825 731 321 AFSL No. 244 335

12 Baldwin Street
(PO Box 1444)
CALOUNDRA QLD 4551

Phone: 07 5491 9000
Fax: 07 5491 9299
Email: manager@yib.com.au
Web: www.yib.com.au

Wisewords

"The trouble with having an open mind, is that people will insist on coming along and trying to put things in it."
- Terry Pratchett

"There is no health without mental health; mental health is too important to be left to the professionals alone, and mental health is everyone's business."
- Vikram Patel