

Brokerwise



2021 Issue Two

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NEWS THAT AFFECTS YOUR BUSINESS



The Role of Your Broker During the Claims Process

In September 2020, Deloitte Access Economics released a report outlining the value provided by insurance Brokers. The report highlighted that those Brokers supporting Clients throughout the claims process can lead to better outcomes for Clients.

This conclusion was expected for insurance practitioners who understand the role of a Broker in the claim process, which includes:

Time Savings for Clients

The report found that 41% of SME Clients would have felt that the claims process was 'much harder' without the support of a Broker. Clients also noted Brokers' support in managing communications throughout the repair process, including arranging quotes and scheduling works in a manner that required limited engagement for the Client.

This allowed the business owner to focus on returning to trading as efficiently as possible.

Broker's Advocacy

The Broker's primary role is to support Clients through the process. Brokers are familiar with the Insurers' processes to lodge claims and handle communications. They can assist with completing forms if required, guiding the Client in the right direction, and collating the necessary documents and information needed to support the claim. The Broker will normally have a strong relationship with the Insurer, allowing them leverage when managing delicate claims and often achieve better solutions for their Clients.

Your Broker is the expert, and in most cases, the Broker's knowledge and expertise are superior to that of the staff who work in the Insurers' Claims department.

Clients also value a Brokers' emotional support during the claims process.

More Favourable Claims Payout

A favourable claims outcome for a Client may reflect their Broker's ability to tailor products at the product purchase stage. Insures agreed with the proposition that Clients who engage Brokers in the claims process tend to receive higher claims payouts.

Deloitte's report found Brokers' Clients are more than twice as likely to be fully covered for their claims and Broker users had a higher amount of loss covered, with 87% of Broker users covered more than half of their claim, as compared with 75% of direct buyers.

Remember, only your trusted Broker is on your side during the claims process!

What Does Subrogation Mean for You?

You lodge a claim with your Insurer, you receive your payment, that is the end of it right? Sometimes yes. However occasionally, that is just the beginning. That is because your policy of insurance most likely gives your Insurer a right of Subrogation.

So, what exactly is Subrogation and what does it mean for you?

A right of subrogation allows an Insurer to effectively step into your shoes. In the case of a claim an Insurer has paid out on, it allows the Insurer to seek recovery of its loss in your name. This can include the filing of court proceedings in your name.

Having proceedings issued in your name can have impacts on you, including reputational impacts and credit impacts. Further, even though such an action will be run by the Insurer, the obligations

imposed by the court and court rules apply directly to you. This will include obligations in relation to disclosure of documents. You or your Employees may also be required to give evidence if the matter proceeds to a trial.

These obligations cannot be ignored.

Firstly, as they are obligations owed to the court or pursuant to court rules, failure to comply with them can lead to yourself being in contempt of court. Secondly, your policy of insurance likely has a 'reasonable assistance' clause, contractually obliging you to provide such reasonable assistance as is needed by your Insurer in pursuing the recovery.

Failure to provide the reasonable assistance may lead to the cover being withdrawn, which may require you to repay any amount paid under the policy (with interest).

If your Insurer is pursuing recovery pursuant to its rights of Subrogation it is best practice to be actively involved in that process. By being actively involved you can ensure, as much as possible, that you are complying with all requirements of the court and court rules, and best manage any reputational issues that arise out of the litigation.

Should the proceedings cause any issues in respect of credit, in most cases the Insurer will be happy to provide a letter explaining that the action is being pursued as a subrogated right, which should assist with any such issues.

Speak to your Broker or Legal Advisor if you are unsure as to what rights and obligations you do or do not have in relation to subrogated action taken by your Insurer.



Internal Auditing

Given the steep rise in Employee fraud and embezzlement, the importance of Internal Business Auditing has never been more vital. Whilst there are Insurance Policies, such as Management Liability and Crime that provide Indemnity for some of the exposures the reputational damage, together with the disruption to business' makes this continued process an important part of good business acumen.

Open and involved Internal Auditing makes all Management and Staff fully aware of the emphasis placed on this process by the Organisation. This will then result in cultural changes that should flow into "open" and "transparent" processes where staff and Management alike are protected. It's imperative that Audit results are shared not only with Management but

together with all business Stakeholders, so that they are aware not only of the processes but also the findings and required actions to amend or correct same.

The results of all Audits should be recorded so that they are easily comparable to future Audits and ensure that required corrective measures have been completed. In an ideal world, Quarterly or Bi-Annual Auditing greatly increases the ability to discover and then rectify any shortfalls discovered.

It's important to not only Audit for Financial purposes but to also include other areas that require strict Compliance. Maintaining updated Registers, such as; Breaches, Complaints, Data Breach and help to assist the Auditor.

Other areas that should be considered are; Company Outsourcing procedures, Succession Planning, Business Continuity, Annual Leave and other staff related functions.

Any Company that operates a Trust, Auditing, both Internal and External are mandatory. Strong Audit process' must include:

- Checking of Banking and Financial Statements
- Trust Bank Account Reconciliation
- Joint Signatory Compliance
- Debtors & Creditors continued analysis.

Whilst Auditing doesn't 100% guarantee no problems arise, it greatly reduces the chances of prolonged and extensive illegal activities remaining undiscovered.

Changes have been made to the Fair Work Act 2009 which may impact how you employ and manage casual Employees and you have until 27 September 2021 to put new processes in place.

The key changes have been summarised into the following areas:

- Changes to the definition of 'Casual Employee'
- What do I need to do about these changes?
- The new 'Casual Employment Information Statement'
- The process I now need to follow to convert Casual Employees to Permanent
- What to do if I am a small business (less than 15 Employees)

The Fair Work Act (FWA) amendments now provide for a clear definition on when a person is a Casual Employee, most importantly, this will apply to former, current and future Employees. A person will be a Casual Employee if you offer them a job which does not include a firm advance commitment that the work will continue indefinitely with an agreed pattern of work, and the person accepts the job knowing there is no firm advance commitment.

A '*Firm Advance Commitment*' is when an Employee has been offered a job and, at the time of engagement, has been asked to work on certain days, at certain times every week, and is expected to show up and rely that the schedule won't change.

A '*Casual Arrangement*' is when it is intended, at the time of engagement, that the person will only be offered shifts intermittently and the shifts will likely vary in hours or days, and the Employee has the right to refuse any shift.

Other factors come into play to determine if someone is a true Casual Employee including whether the person will work as required according to the needs of the Employer. The employment is described as Casual Employment, and whether the person will be entitled to a casual loading or a specific rate of pay.

The new 'Casual Employee' test means that if an Employee's employment satisfies all of the identified factors, then

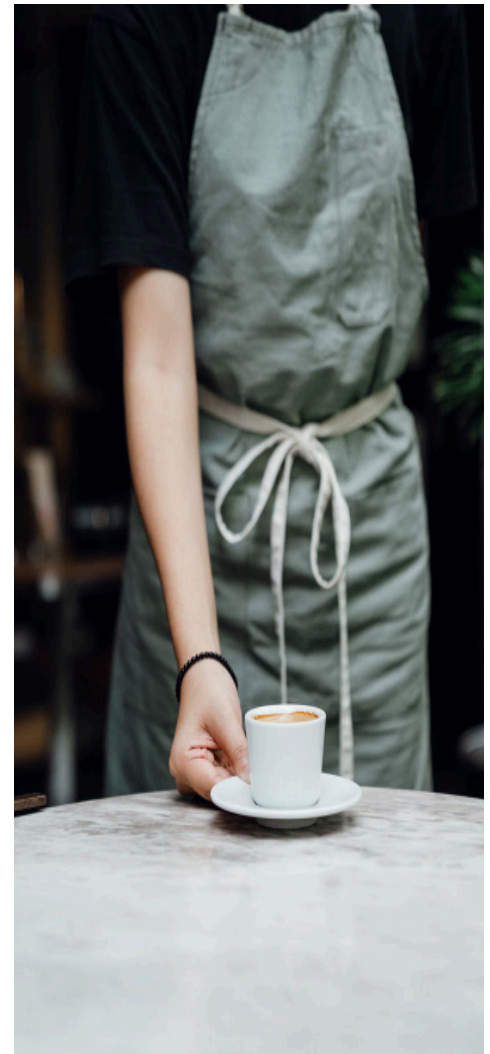
they will be a 'Casual Employee', until their employment is either converted in accordance with the new casual conversion process or at some later stage an offer of alternative employment is made for a permanent full-time or part-time position.

What Do I Need To Do?

- Review your current casual arrangements and apply the new 'Casual Employee' test. It is needed to take into consideration available documents from the offer of employment for each Employee. These may include the first contract of employment, offer letters, job advertisements, file notes of the interview offer meetings and email exchange with regards to the offer.
- This is important – you need to be keeping records. Most of you believe that you can destroy documents after 7 years. In relation to Employee arrangements, you must keep everything, regardless of the time frame. Any documentation will be important and act as evidence.
- If an Employee does not meet the new 'Casual Employee' test, your business may have a residual and ongoing risk according to the new changes. This could mean a casual Employee may be seen as a permanent Employee in the eyes of the law and entitled to back payment of certain entitlements.

Future/Prospective Casual Employees

- Review your hours of work needs for future casual Employees, to determine whether you need casual Employees (with no firm advance commitment to hours and an ability to accept or reject work), or whether you need part-time or full-time Employees.
- Consider a review of your casual employment contracts, to ensure they adequately reflect your offer of true casual employment.
- Check to see if you have a casual employment agreement that satisfies the new rules? If not, we strongly suggest reviewing them and putting a new casual employment agreement in place to better protect your business.



Types of Employees

Employees get different entitlements depending on their type of employment.

- Full-time
- Part-time
- Casual
- Fixed term
- Shiftworkers
- Daily hire and weekly hire
- Probation
- Apprentices and trainees
- Outworkers

5 Remote Team Building Activities

1. Show and Tell

Most of us probably remember Show and Tell from back in school. Basically, each person would get up and have exactly one minute to show and talk about something they own, something that is sentimental or just an item that they may have picked up over the weekend. This can also be an awesome team-building activity for virtual teams as well?

2. Weekly Trivia Contests

It's an activity Employees will eagerly anticipate each week. The thrill of pub trivia without the two-hour time commitment and logistics. Importantly, it's not a one-off event but a source of weekly fun and conversation for the team without any ongoing setup or maintenance tasks.

3. Two Truths and A Lie

Two truths and one lie is a classic ice-breaker activity, especially if you have a new recruiter on your team. Each team member presents three statements about themselves: two truths and one that is false. The team can then take turns to recognise what's true and what the lie is.

After everyone has guessed, the speaker reveals their lie.

4. Photo Sharing

Don't have time for a long problem-solving challenge at the moment? Sharing sentimental photos or belongings with your team as an activity can also help your team bond. It can facilitate laughter and surprising responses that will leave employees feeling happy and connected.

5. Guess the Emoji

Nowadays Everyone texts with emojis, right? This is one of the shortest fun team building activities – making it great for quick breaks or post-meeting sessions.

- Have a list of all the emojis up on a board and allow each team member to guess the correct name of the pictures.
- Get one player to have five minutes to guess each person's five most used emojis. After the five minutes are done, reveal the correct answers to each participants.



“I think the greatest thing we give each other is encouragement”

- Anne Sweeney

“None of us is as smart as all of us.”

- Ken Blanchard

“Life doesn't make any sense without interdependence. We need each other, and the sooner we learn that, the better for us all”

- Erik Erikson

Wisewords

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.

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