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# BROOKERWISE

Edition 4 - 2021 || [cqib.org.au](http://cqib.org.au)



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## BW\ Halloween Hailstorm... One Year On

Coming into the "wet season", it is concerning that over 10% of the claims which arose from the hailstorm, are yet to be completed. Ordinarily, that might be seen as a total failure by the insurance industry to adequately look after their customers. In fact, the problem has not been inaction by insurers, but other factors outside their control, but before discussing those, perhaps we should review the circumstances of the event itself.

Over 45,000 claims, totalling over \$1.1bn have been lodged, since the hailstorm, with new claims still being reported. There were nine "super cell" storms, with nearly 300,000 lightning strikes across South East Queensland and while the hailstorm only lasted minutes, the giant hail, as big as 14cm in diameter battered the suburbs of Springfield, Springfield Lakes, Rosewood, Thagoona and Willowbank. Three people were trapped inside a Springfield Lakes house, after a tree collapsed onto the roof, but surprisingly no injuries were reported. In the hours after the storm hit, hundreds of families were forced to leave their homes and have had to wait months to go home, with some still not able to return.



PHOTO // ABC NEWS // @Anna Hartley

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Houses generally suffered significant damage to the external structure, including smashed roofing tiles, skylights and solar panels, major denting of metal roofs and guttering, all leading to extensive internal water damage.

The initial assessment immediately after the storm, identified 520 properties with severe damage, 602 with moderate damage and 652 with minor damage, but a year later, there are still 21 properties remaining with severe damage, 103 with moderate and 141 with minor damage.

The reasons for these delays has been a shortage of qualified builders, roofing contractors and building materials such as timber, roofing tiles and metal sheeting. In addition, Covid border restrictions and lockdowns have prevented the usual shift of trades from interstate to assist with the recovery.

The position is not getting any easier, in terms of availability of those building materials or trades, which is leading to another issue, and that is increased construction costs. Generally, it is felt that the level of underinsurance is around 40%, but these issues have just exacerbated the problem...with the storm season approaching, review your covers!

In addition to the damage to houses there was a lot of damage to vehicles...but that's another story.

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THE LEVEL OF UNDERINSURANCE IS AROUND 40%...WITH THE STORM SEASON APPROACHING, REVIEW YOUR COVERS!

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## **BW\** How Big Is 'Big Data'?

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**A**ccording to some sources, in 2018 we capture the same amount of data in any two days than we did in all of history prior to 2003. IBM report that 90% of data on the internet has been collected since 2016. Reflect on that for a minute ... that's a lot of data about you and me! While the collection of data is nothing new, we now live in a world where big data is so much bigger and growing by the day!

Data is everywhere and we leave pieces of ourselves all over the place. Think social media, Facebook, Twitter, Instagram, Snapchat – just to name a few. Online shopping, credit cards, banking, surveys, email, mobile phones, e-readers and even electronic billboards are collecting data on you. It's probably not surprising that Google is the world's biggest collector of data processing 3.5 billion requests each day!

Data analytics is the new buzzword and is a booming industry because businesses and governments want to capitalize on the power of this knowledge.



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While many people worry about a lack of privacy, data collection and the subsequent analytics can be used to benefit the consumer. In the insurance industry for example, the ability to capture so much real data may provide a better understanding of consumer behaviour resulting in more accurate risk profiles. This could mean cheaper premiums for some.

Regulators and legislative bodies have a massive job to keep up with the changes in technology, and increasing concerns about what it means for the privacy of individuals.

It's an ever evolving space we all need to keep an eye on.



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## **BW** Prioritising Mental Health During Covid-19

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**I**n the past, mental health has not been on the radar for most businesses, but this year Covid 19 has put mental health at the forefront of workplace safety considerations. Both employees and business owners have been subjected to additional stress and uncertainty, while isolation and loneliness have added to feelings of anxiety.

As business owners, you not only have a responsibility to ensure the physical health and safety of your employees, but also their psychological wellbeing too, under the Federal Work Health and Safety Act.

We're all trying to build new skills and become resilient in ways we've never had to before. Tell your team, if they're feeling concerned, it's ok to ask for help. There is a lot of support available for people facing challenges and for people already living with mental illness, it's important to keep getting help.

If you operate one of the many businesses who have taken a hit during Covid, no doubt you're struggling mentally yourself...you need to take care of yourself too!!! Find someone you can talk to openly to share the difficulties you're experiencing...it might be your family, friends or business contacts, and don't forget, you have access to the same resources you're recommending to your team.



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## Manufacturers to Consider Professional Indemnity Insurance

**D**id you know your Public Liability insurance only protects your business if you cause harm to another person, or damage another person's property, due to negligence? If the loss or damage caused is financial only, there is no cover provided under a Liability policy.

This is where Professional Indemnity Insurance (also known as Errors and Omissions cover) steps in and is often an under-considered exposure for manufacturers.

To explain, let's look at the following scenarios, which without Professional Indemnity insurance would have resulted in an unsuccessful claim and the manufacturer having to pay the costs:

- i. A metalworker designs and manufactures a part used in air compressors. The part caused a slight leak to develop in the compressors, which resulted in the company needing to inspect and replace hundreds of compressors. The metalworker was sued for lost revenue due to the defective part, incurring a claim payout of over \$1m and defence and investigation expenses of \$65,000.
- ii. An injection moulder of food containers for dairy products erroneously used an inadequate grade of low-density polyethylene in the manufacturing of container lids. As a result, the lids failed to provide an airtight seal when stored at low temperatures, making an entire shipment unacceptable for its intended use. The dairy company sued the mould manufacturer for lost revenue and resulted in a claim payout of \$500,000 and defence and investigation expenses of \$75,000.
- iii. A plastics packaging company did not include a warning notice in one batch of headphones it packaged for a client. The batch could not be specifically identified and, as a result, all of the headphones had to be taken off the shelves. The packaging company was sued for lost revenue and expenses incurring a claim payout of \$200,000 and defence and investigation expenses of \$45,000.

Most standard General Liability policies will have a number of exclusions, which may include:

- Damage directly caused by a fault or defect in a product.
- Any incorrect description of products.
- Failure of products to conform with advertised performance, quality, fitness or durability.
- Faulty workmanship.
- Failure of any product to meet the level of performance, quality, fitness or durability expressed or implied.

Considering a Professional Indemnity policy can reduce the above gaps.

To learn more about Professional Indemnity for manufacturers, contact your CQIB advisor.



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## **BW** Do You Really Know Who You're Dealing With?

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As a consumer or business owner, it is vital to ensure that your interests are protected, when dealing with other businesses. There are a number of steps you can take to protect your interests.

1 Ask For Information:

What is their ACN?

Since 1991, every company in Australia has been issued with an ACN. This is a unique identifier, as the ACN cannot apply to more than one company.

What is their ABN?

An ABN is needed to register for GST.

What is their business name registration number?

Since 2012, all business names are registered by ASIC and the holder of a business name must hold an ABN. Each registered business name has an individual number.

2 Verify the information:

Once you have the ACN, ABN or business name registration number, you can check its registration, find out who holds the business name and find out who the directors are, by searching ASIC's registers at ASIC Connect. ASIC's Money Smart website enables you to check basic facts about the people or companies you're dealing with.

You can purchase a company extract at ASIC Connect, which will provide current and historical information about a company, including the officeholders, addresses, and in some cases, the shareholders of the company.

Further information is available through an ASIC information broker.

3 Use the information:

You can use your search results to answer a number of questions, which will help you to assess how much risk may be involved in dealing with the business.

How long has it been in business?

What's its current status?...registered, deregistered or under external administration.

Who are the directors?

Are the directors disqualified?

What is the company's share capital?

What is the company's financial situation?

Does the activities of the business require a licence?

What is their credit rating?

So, now you're in a better position to know who you're dealing with.

We will address Trusts in a future addition of Brokerwise.



“There’s no shortage of remarkable ideas,  
what’s missing is the will to execute them.”

– Seth Godin

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## **BW\** Fun Facts!!

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What do you call the smell after it rains?

*One of these odours, called "petrichor," lingers when rain falls after a prolonged dry spell. Petrichor — the term was coined in 1964 by two Australian scientists studying the smells of wet weather — is derived from a pair of chemical reactions.*

What actor/actress has done the most movies?

*Mel Blanc performed in 709 films, not including over 100 TV movies and video productions. He also had 81 uncredited voice parts in films. Right behind Mel Blanc on the IMDB's list of most prolific actors is Adoor Bhasi. Before his death in 1990, Bhasi was featured in 549 films.*

THANKS FOR READING!

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