

BROKERWISE™



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BW Travel Insurance Now More Complex Than Ever.

The coverage afforded under Travel Insurance has long been considered complex and often difficult to interpret. This is evidenced by the Australian Financial Complaints Authority's (AFCA) reporting which consistently has Travel Insurance generating a disproportionately high number of disputes between Insureds and the insurance companies.

The COVID-19 pandemic has affected us all in so many unexpected ways. Family visits have been postponed. Friends and families have been separated. Any long-awaited travel plans have been put on hold.

COVID-19 has also introduced another layer of complexity to travel insurance as insurers grapple with providing a product offering some COVID coverage without unduly compromising the strength of their balance sheets.

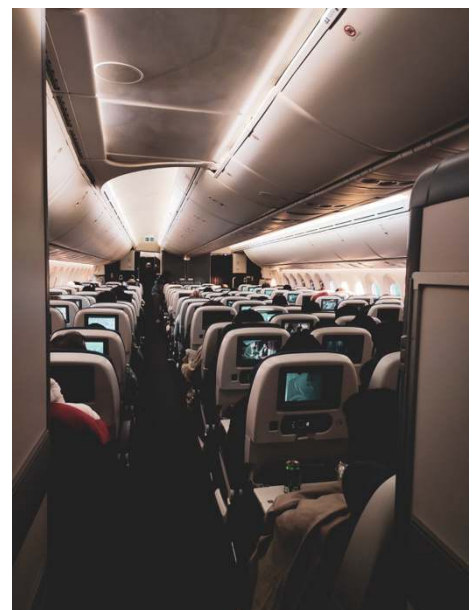


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Consider the following scenarios:

- You are diagnosed with COVID-19 on your trip overseas – are overseas medical expenses covered?
- Or your travelling companion is diagnosed with COVID-19 before your trip, and you can't travel so need to cancel your trip – are cancellation costs covered?
- You are a health care worker, and your leave is revoked – are cancellation costs covered?
- Your relative or business partner in Australia is diagnosed with life threatening COVID-19 – are cancellation costs and additional expenses covered?
- You can't stay with your family member or friend because they have COVID-19 – are additional expenses covered?
- Your accommodation is shut down for cleaning – are additional expenses covered?
- Your prepaid holiday activity is cancelled due to COVID-19 – are amendment or cancellation costs covered?
- Flight or land travel is impacted by COVID-19 – are costs of travel delays covered?

One of the main concerns is that the responses to these scenarios from travel insurers are likely to differ from insurer to insurer.

Before finalising any travel arrangements, it would be wise to consult with your CQIB broker to ensure your coverage meets your particular needs.

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BW Construction Costs Have Recently Exploded

Construction costs have recently exploded, rising more than at any time since 2005.

A surge in construction activity, supply chain disruptions and a shortage of materials has already been widely reported, but an alarming new twist has emerged with an Australia-wide shortage of labour.

The number of people wanting to take up apprenticeships in trades such as electrical, plumbing, carpentry and concreting has slumped dramatically.

There is already a shortage of skilled labour in the building industry, but if that is coupled with further reductions due to the ageing workforce, it's anticipated that labour costs alone could result in increases in construction costs of 20% to 30%.

On an annual basis, the Construction Cost Index has already increased by 8% in Queensland, but that's just in the past year to the end of September.

According to ABS's latest price index, timber and joinery costs rose by 5.3% in the September Quarter alone, while the cost of aluminium windows and doors increased by 7.9% and steel beams increased by 11.1%.

This isn't a short-term spike and it's anticipated that this construction cost inflation will continue for another 12 to 18 months.

A leading Queensland Quantity Surveyor recently indicated that their investigations have identified that more than 80% of property owners are underinsured.

While underinsurance in households can cause significant issues, it is in the commercial sector that it can be catastrophic with significant penalties imposed if they're found to be severely underinsured.

Unfortunately, these issues only come to light when there is a significant claim, which just adds to the anxiety involved. With many businesses and households being adversely affected financially by Covid and increasing insurance costs, leading to a reluctance to increase their sums insured, the result could be catastrophic.

While Insurance Brokers are not qualified valuers, if you are concerned your insurance might not be up to scratch, please seek advice from your Broker.



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BW Contractors Vs Employees

A contractor is someone you engage to perform work or a task for you who is not an employee. Their engagement is often referred to as a contract for services. Features common to contractors are that the contractor can set a price, a contractor may be paid for an outcome, rather than an hourly rate, and the contractor is in control of how the work is undertaken and can accept or reject work tasks.

An employee is often referred to as being in a contract of service. Employees are often paid by the hour, or on a set salary, regardless of the outcome of their work. An employer can dictate to an employee how, when and where an employee works (within reason, and within the terms of the employment agreement).

There are many reasons a business might engage a contractor rather than an employee. In relation to an employee, businesses:

- Need to pay PAYG and superannuation;
- Owe a high, non-delegable duty of care (ie more likely to be liable to them if they are injured);
- Are required to have a workers' compensation policy covering the employee;
- Are vicariously liable for their actions (that is, if they do something wrong, it will be taken that the business did something wrong).

Generally, none of the above statements are true for independent contractors.

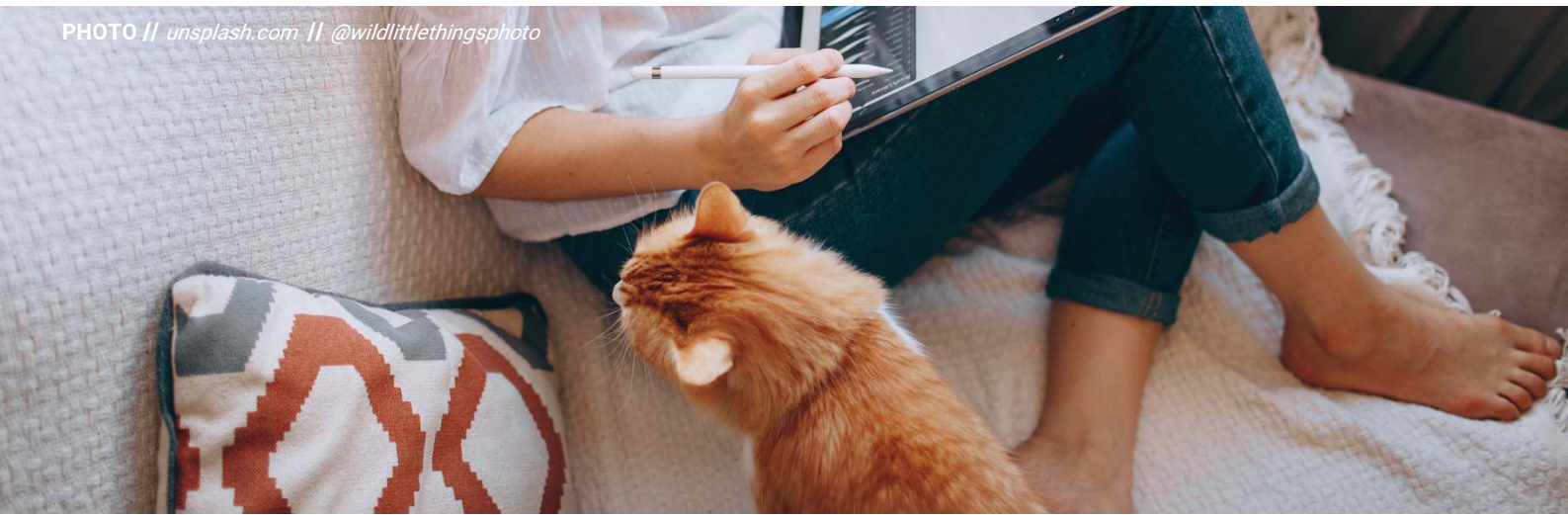
Contractors are also easier to terminate if you either no longer need them, or if you simply don't like their work.

However, just because you call someone a contractor does not mean that they are.

The High Court recently considered two separate matters where workers were described, in written agreements, as contractors. In one matter the Court found the workers were contractors, but in the other the Court found that the worker was an employee.

Getting the classification right is important, not only in relation to taxation and superannuation purposes, but also insurance and risk. The mix of employees' vs independent contractors can change the risk profile of a business. If you have been asked disclosure questions about the number of staff you employ, or significant contracts at policy inception or renewal, your insurer has taken that into account when determining the policy premium and the policy terms.

If you are concerned about the classification of any of your employees or independent contractors, seek legal advice and then speak with your broker.



BW Working From Home - The New Norm

What was once seen as a carrot to lure employees to a business, flexible working arrangements are now an expectation of employees.

Last year Brokerwise considered the data protection implications for remote office workers. But there are so many more risks to be aware of.

People are more relaxed at home, and not just in relation to their dress (PJ pants on the bottom, business shirt up the top), but also their environment, and even things such as their posture. Working from home has given rise to claims for workers' compensation made by employees as a result of their foot or leg 'falling asleep', while they were sitting at their desk at home (as a result of poor posture and seating), resulting in a work-related injury when they stood up and fell over. Sure, such an injury could happen at work, but employees are more likely to have appropriate posture and seating while at work, and if they don't, their employer can have oversight and direct them to sit appropriately. Such monitoring and ease of corrective action is difficult in remote working situations.

And while home offices might start off pristine and professional (and some might stay that way) without supervision or peer pressure (don't underestimate the power of Karen from accounting's judgmental stares), there will be some home offices which quickly descend into looking like what happens when you give a toddler a box of cereal and an open bottle of milk, but no bowl ... and then let them loose with an open jar of vegemite and call it 'paint'. Speaking of toddlers, employees are far less likely to trip over a wandering toddler in the office than they may be at home. Pets too for that matter.

And it is not just the home office. Unless there are restrictions in place, employees can remote work from anywhere - from the stands at their child's basketball game, the local café, poolside with a cocktail

Expecting people to work from an office full time is so 2020, and as such, flexible working arrangements are almost unavoidable in today's job market. However, it exposes your business to a new, previously limitedly chartered territory in terms of risk. If you do not identify and control those risks (which will be different not only for every business, but every employee within that business) the risks will control your business.



“Nobody can make you feel inferior without your permission.”

– Eleanor Roosevelt

BW Fun Facts!!

Do rotten eggs float or sink in water?

All you need to do is fill a bowl with cold water and place the egg inside. If it sinks to the bottom, it's good. If it sinks but stands on its point, it's good, but won't be good for much longer and should be used soon. If it floats, toss it.

When was coffee invented?

The story of Kaldi, the 9th-century Ethiopian goatherder who discovered coffee when noticed how excited his goats became after eating the beans from a coffee plant, did not appear in writing until 1671 and is probably apocryphal. The original domesticated coffee plant is said to have been from Harar in Ethiopia.

THANKS FOR READING!

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