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- * Claims management



Risk management outlined for Camp Quality carers

CAMP QUALITY CARERS received some vital risk management lessons when JMD Ross Director Tim Ross spoke at the organisation's annual conference.

JMD Ross has been Camp Quality's appointed insurance broker for more than 20 years.

Mr Ross said the key messages were:

- implement thorough safety practices because it is the ethical thing to do, not because you want to stay out of a court of law;
- use a clear, easily understood framework to identify and minimise risks;
- leave a paper trail you can refer back to and that others can follow;
- don't overlook the obvious; and
- plan for "what ifs".

He told conference delegates not to accept shoddy risk management practices and to remember insurance policies were conditional contracts. "They are not designed to cover every contingency."

It was important for carers to think about and be prepared for prospective "what if" scenarios to minimise their occurrence.

"You should do it because you have a commitment to running high-quality programs and because you have a duty of care," Mr Ross said.

He defined duty of care as "the obligation owed to anyone who it is reasonably foreseeable would be injured by a lack of care of that person. The duty is breached if a person fails to act in accordance with the required standard of care".

The level of duty of care required varied, depending on the type of activity; the participants' age, ability and skill; and the camp leader, activity co-ordinator or companion's level of training and experience.

Mr Ross said the majority of people who breached their duty of care did not do so deliberately; breaches often occurred due to negligence.

He defined negligence as "an action in tort law, the elements of which are: the existence of a duty of care; breach of that duty; and material damage as a consequence of the breach of duty".

"Normally people are cleared of negligence if it can be shown they acted in accordance with industry common practice and due care. However, if a common practice is shown to be negligent, there may be a different outcome," Mr Ross warned.

That meant activities should not merely rely on "established" safety procedures.

"You should not continue to implement unsafe practices just because something has 'always been done that way'. Get to know what policies and procedures are in place to deal with safety issues. Don't let complacency creep into your activities," Mr Ross told delegates. ➤

Quake highlights need for business interruption cover



Christchurch is shaken by another devastating earthquake. The retail heart of the city and popular Merivale fashion shopping centre were two of the worst hit areas in the February quake.

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THE CHRISTCHURCH EARTHQUAKES are New Zealand's costliest disaster, with NZ Treasury estimating the total damage bill to be at least \$NZ15 billion.

There is no full damage assessment yet available from the latest major shake on June 13.

The aftermath of the quakes starkly illustrates the need for business interruption (BI) insurance as many businesses are taking considerable time to recover, particularly as aftershocks continue to hit the region, with June 13's 6.3 and 5.6 magnitude quakes causing further damage. There have now been 12 separate insurable events, including the first quake on September 4, 2010.

After a major catastrophe, consequential losses can be immediate and disproportionate to the property damage.

Wellington-based risk management consultant John Sloan said: "For some businesses, such as restaurants, the loss is immediate and unrecoverable. For others, revenue is deferred rather than lost. Some service providers, including many government entities, only require insurance for increased costs of working, which can be substantial and unavoidable, but many require insurance for lost profits and to pay continuing overheads."

Mr Sloan said a classic problem was the time required to prove a reduction in turnover and consequent loss of profit, which meant delays in settling BI claims. A progress claims payment clause is vital to obtain advance payments.

He says businesses that insured BI on an agreed-in-advance weekly or monthly fixed amount, which is paid promptly, should "thank their lucky stars".

Selecting the indemnity period—the estimated time to fully recover from the interruption—can be difficult. After a disaster, many businesses find they are low on the scale of priorities, so resumption is delayed with a consequent impact on loss-of-profits claims.

"If businesses have chosen a short indemnity period this dictates the sum insured, so if rebuilding or repair takes much longer an underinsured claim inevitably results. Those who said 'earthquakes don't happen here' or did not contemplate catastrophic damage when selecting their indemnity period may find their BI coverage is inadequate," Mr Sloan warned.

BI needs to correctly cover payment of wages and salaries to unemployed or under-employed staff. Many businesses needed BI insurance extensions for interruption to gas, electricity or water supplies and damage to suppliers' or customers' premises, including telecommunications.

Those "dependencies" are normally included with "prevention of access", which occurred in Christchurch's CBD after each of the three main quakes on September 4, 2010, February 22, 2011, and June 13. But the extensions are invariably limited to a percentage of the total sum insured or may apply a limited time deductible.

Mr Sloan said BI policies usually included claims preparation cost clauses to cover accountants' fees and insureds' staff's time to prepare claims.

Consider the ramifications for your business if a catastrophe occurs and talk to your JMD Ross Account Manager today about business interruption cover. ➤

Have you got the right cover for your business?

FOUR IN EVERY FIVE Australian businesses are underinsured.

Without the right insurance, your business could be at risk. In some areas, such as business interruption coverage, the average level of deficiency in values is 84%.

CGU Insurance offers assessment services to determine the correct insured value of business investment properties.

The Sum Insured Health Check is a free desktop evaluation tool to assess properties with insured values of up to \$5 million.

It is available to CGU Business Insurance and Padlock policyholders.

Padlock is an all-in-one insurance package for commercial property owners, excluding commercial strata risks.

Padlock's features can include optional rental default, material damage, loss of income, crime (theft, money), cover from \$200,000 to \$200 million, OHS fines and penalties, tax audits, machinery & electronic breakdown and environmental upgrade cover.

Insureds who use the Health Check tool can have the average (co-insurance) clause removed from their policies.

JMD Ross Director Tim Ross said at least two JMD Ross clients whose business policies are placed with CGU took their account manager's advice at the most recent renewals and had Health Checks conducted on their Sydney office complexes. To their surprise, both were as much as 50% underinsured.

"It's vital to ensure sums insured are up to date. When a policy is renewed annually it is easy to miss the need to regularly obtain valuations. The Health Check is a simple way to make sure your business is adequately protected," Mr Ross said. ➤



High praise for prompt JMD Ross service

WHEN JEANNIE ARMSTRONG, Director of Sydney-based Hemisphere Hospitality Solutions, needed public liability cover in a hurry, she found JMD Ross via the Australian Tourism Export Council website.

As a tourism industry specialist, JMD Ross is a preferred supplier to ATEC. Ms Armstrong was so happy with the service she received from JMD Ross Director Tim Ross, she sent the following email to ATEC Deputy Managing Director Gary O’Riordan:

“With two hours’ notice he solved my insurance challenges and had a policy in place for Hemisphere. He was a pleasure to deal with, spoke a language I understood, gave me excellent advice and was most prompt to find me a workable, cost-effective solution all within two hours... a miracle! I recommend his services exceptionally highly to any colleague.”

Tim also got a personal pat on the back: “You’re a genius and I can’t thank you enough for sorting this out, I have never found a supplier so easy and quick to deal.”

Hemisphere is a team of hotel and tourism hospitality management consultants, providing hotel marketing services and sales representation for hotels, resorts and management-right properties in the business and leisure markets for properties ranging from two to more than 500 rooms. ➔



G&A rebrands as JMD Ross Professional Risks

JMD ROSS PROFESSIONAL RISKS Pty Ltd is the new name for Griffiths & Armour Professional Risks Pty Ltd.

G&A Professional Risks was established in Australia just over five years ago as a wholly owned subsidiary and authorised representative of JMD Ross Insurance Brokers Pty Ltd.

JMD Ross Professional Risks will continue its strong links with Griffiths & Armour in the United Kingdom - the name may change but the close relationship does not. All services G&A accessed from the UK continue to be available for Australian clients.

The move is part of the business plan put in place when the company was established in Australia. JMD Ross Professional Risks now provides the same high level of expertise to clients in the consulting engineering and architectural professions.

Director John G Duncan said it was an exciting step forward for the company, which had grown substantially since 2005.

“The close link between JMD Ross Professional Risks and JMD Ross Insurance Brokers presents opportunities for clients to access the wide range of insurance products available through JMD Ross Insurance Brokers. Dovetailing your insurances can maximise cover and minimise costs,” he said. ➔

Long-serving broker hangs up his boots

After 55 years in insurance, long-serving former JMD Ross Account Manager Ray Potter has called it a day.

Ray retired late last year and, since then, he and his wife, Helen, have spent their time swimming, cycling, reading and listening to country music. They’re also planning European trips this year and next.

Ray’s career began with North British & Mercantile (later taken over by CGU). After seven years he joined Western (later taken over by Royal), where he worked in Moree, Tamworth and Sydney.

When Royal retrenched 200 people Australia-wide in 1982, Ray was among them. But he was back in a job less than a week later, working for broker Kingdon Rickard & Associates, where he spent 17 years. It was taken over by JMD Ross in 1998.

While Ray misses his clients, many of whom he worked with for more than 30 years, he doesn’t miss the early starts. Living at The Entrance meant Ray was up at 4.15am four days a week to commute to JMD Ross’s St Leonards office.

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