



INSIDE THIS EDITION

- ▶ Your PDS... and why it should be read
- ▶ Direct insurers cover. A cheap price, but is it any good?
- ▶ Lost your mobile? It's not just a phone, it's your life!
- ▶ Workplace accidents. What to do
- ▶ Chemicals, diesel fuel and fire... an explosive mix!
- ▶ High Court overrules an insurers rules.

Your PDS

A VERY IMPORTANT DOCUMENT

When you receive your insurance policy, by post or email from your broker or insurer, you will get a copy of the Product Disclosure Statement (PDS). This is a small but important booklet of between 50 and 100 pages that sets out the terms and conditions of your insurance cover. It states clearly what's covered in your policy and what's not.

For most of us, PDS booklets are not a particularly thrilling read but the PDS needs to be read so you know where you stand if the worst happens and you need to make an insurance claim.

Chances are, if you got your cover through the services of a CQIB broker, he or she has already had a hand in selecting the cover to suit your needs and this guidance is reflected in the document... but it's about your cover, your investment. How it makes things right in the event of a claim should be known and understood. Fifteen or 20 minutes with a PDS can save untold heartache further down the track.

Want to check the quality of your insurance cover? It's all in the PDS.

Want to avoid buying the wrong cover? – See next article for more about your PDS and what it can tell you. ■



Direct insurers PDS reviewed

The Council of Queensland Insurance Brokers (CQIB) recently conducted a review of direct insurers Home and Contents PDS documents. With over 150 insurers issuing PDS documents it was not possible to review them all, nor forensically analyse the ones that were reviewed in great detail. However, what was found was a number of statements in policy wordings that should be of concern to the buying public.

Before providing a few examples, it needs to be said that the direct insurers operate

with the price-point being their key to achieving sales success. But do they consider that the quality of the cover may be compromised to keep the price down? We all want to save money and pay as little as possible, however the real cost emerges when the cheap premium cover fails to make good your loss. That's the principle of 'you get what you pay for' in action.

Of course there is always better quality cover available but direct insurers call-centre staff, all company employees with sales targets, are well versed in

presenting the premium savings to be made with their product and rarely, if ever, offer cover options or any advice relevant to your needs. An explanation of any shortcomings of their cover product, at claim time, is something else you're unlikely to hear. Here are a few examples that rang the warning bells:

Accidental damage cover offered by direct insurer: Accidental damage accounts for approximately 8% of all home losses

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and 47% of all contents losses. It is an important cover, yet many direct insurers do not automatically offer this cover. You must request to extend the policy and then an additional premium is charged.

When you request the extension don't be fooled as some insurers place insufficient low limits on the amount they will pay in the event of an accidental loss.

Fusion cover offered by direct insurer: Fusion losses account for about 11% of Home and Contents losses and yet, again, some direct insurers do not automatically include it in the policy. You have to request and pay extra for the cover. We found policies with sublimits (the maximum the insurer will pay) as low as \$1,000, a sum that is not adequate to cover the cost of today's household appliances.

Away from home cover offered by direct insurer: With the holiday season approaching, it is important to have your contents covered while you have items away from your home in

a holiday residence. Several policies reviewed have no cover at all for this situation whilst others, once again, require you to request and pay extra premium for an extension of cover.

Business equipment and tools of trade cover offered by direct insurer: Many quality policies automatically include cover sublimits of \$5,000 to \$10,000 however the lower priced policies have little or no cover unless (you guessed it) an extension is requested and a higher premium paid.

Building compliance cover offered by direct insurer: Building Compliance - Home cover excludes any additional costs resulting from the building/s not being compliant with the most recent building codes, laws or regulations. This is a big issue for older homes, as all would all be affected. These extra costs of reinstatement are automatically covered under most comprehensive, quality cover policies.

Let the buyer beware and remember, your CQIB Broker has the knowledge

and experience to advise, select and provide quality comprehensive policies, taking into account your needs, the policy wording, the insurer's performance including claims settlement history, and price. Be vigilant out there when buying insurance. ■



Phone gone mobile?

Smartphones sell like hotcakes these days and you may have been one of the expectant iFans that awaited the new iPhone model like a nervous father in a maternity ward. But after the hype has calmed down and you've finally got your bundle of joy back home, what happens if (or most likely, when) you lose or break it?

Insurance brokers have seen many scenarios of mobile phones falling victim to theft and also heard more colourful claims that have become common; dropped into the toilet, fell into the pool, left on the roof of the car, back of the taxi, and even one case of 'lost while invading the pitch' at an AFL game.

So where do you stand in the event of a lost or damaged phone? If the handset is on a monthly plan, the standard reply from the Telco's is that you would have the option to upgrade at your own cost,

unless you had insurance cover as part of your contract with them. Telco's are keen to push mobile phone insurance cover for around \$10 a month but like any policy there are exclusions, namely, no cover if left unattended and most ask for their own repairer to inspect.

Many of us would have also had the misfortune of a cracked screen. In this case it's an issue of cost of repair vs. the policy excess under a home or business policy.

Some insurers take a different stance, but a common requirement is that the phone must be inspected and considered beyond repair to be replaced. A specialist insurer for laptops, phones and mobile equipment advised that settlement is based on like for like replacement. In instances where the phone has been superseded they

base settlement on the next available model. They insure the handset only, so they make no judgment between a phone owned outright and a phone on a plan.

The Telco's offer cover with limitations, however, one point in their favour is insurance against misuse of a phone so the cost of unauthorised calls may be included in the claim up to a few hundred dollars.

With Australians being some of the most prolific mobile phone users, and our teenagers and even younger children being major users, the 'number of users' trend in Australia is spiraling upwards. It might be a good idea for those responsible for the bill to consider what phone insurance is right for them. ■



Workplace accidents

HOW TO RESPOND

There is common agreement amongst many Industry Regulators, Insurers, Lawyers, Employers, Trade Unions and Emergency Services, which maintains that the first few hours following a work accident are the most critical.

Once a workplace accident occurs, the overwhelming priority is to ensure that all fellow workers remain safe. The second task is to make the site safe, which may involve shutting down all or part of the total workplace if necessary.

Following a serious incident it is prudent to advise Workplace Health & Safety Queensland (WHSQ) as soon as possible so that they can conduct an investigation into the matter. The business principal or the person who is conducting the business should then cordon off or otherwise prevent people from entering the site, where practical, until the full consent of WHSQ has been obtained. It's also worthwhile noting that the

'workplace site' may include any plant, substance, structure or any other property associated with the incident. Criminal penalties may result if any unauthorised persons interfere with the site.

It's also wise to contact the company lawyers as soon as possible to discuss the establishment of legal privilege. Legal privilege means that any documents created for the purpose of obtaining legal advice or for the purpose of court proceedings can't be used in court proceedings unless they are voluntarily provided.

Should the accident result in a fatality, the deceased's next of kin should be contacted - a matter best handled by the police. Arranging counseling for employees, especially for those who may have witnessed or were involved in the incident is appropriate. A skilled person, either an HR Manager or equivalent, should be the contact person. There should also be a person appointed to establish

a document and record management process to control the documents that will follow from the event for future use in insurance or legal discussions.

Your insurance broker and insurer should also be notified as soon as practical to allow these insurance partners to assist, if and when, the matter is brought before a Court or insurance related tribunal or enquiry.

Consideration should also be given to the method and operations of the workplace following the incident. This will allow the business owner to review their existing procedures and risk management strategies to ensure that they remain relevant and appropriate.

As you can see by this article there are many issues that need to be addressed following a workplace accident. Partnership collaboration between your insurance broker, lawyer, risk managers and other professionals will assist when these events occur. ■

The open road

A DANGEROUS PLACE

At 8.55pm on 5 September 2014, a prime mover and two trailers in a B-Double combination hauling over 50 tonnes of ammonium nitrate, rolled at Angellala Creek near Bakers Bend, Mitchell Highway, approximately 30 kilometres south of Charleville and 700 kilometres west of Brisbane. The load of ammonium nitrate was being transported from Gladstone, where it was manufactured, to a mine site in South Australia. The truck failed to negotiate the bridge at Angellala

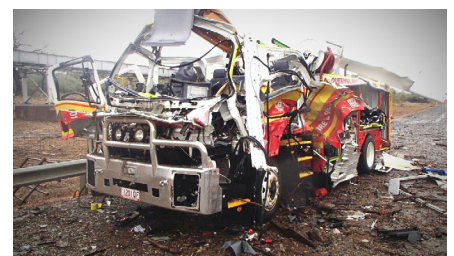
Creek and came to rest in the dry creek bed adjacent to the road bridge.

The driver was injured and the vehicle caught fire. Two passers-by dragged the truck driver out of the vehicle. Approximately 1 hour and 20 minutes after the accident, it appears the chemical being carried has mixed with the diesel spilt following the rollover, and the ensuing explosion decimated the site, destroying the prime mover and two fire fighting vehicles and causing 'catastrophic' structural damage to the

Mitchell Highway. A crater, 12m x 6m x 6 metres deep was formed in the creek bed.

"The infrastructure damage to that road is significant," said Assistant Fire Commissioner for the south-west region, Tom Dawson. The fact that no one was killed in the blast went 'beyond luck', he said.

The driver of the truck received burns to about 30 per cent of his body. Four firefighters were also injured, along with a police officer and another member of the public. ■



Our way or the Highway!

When an Insurer says, "we won't pay" ...is that the end of it?

Trucking company, Highway Hauliers Pty Ltd, had the misfortune to have two of their prime movers and trailers damaged in separate accidents. Although the trucking company held a policy to protect it against damage such as this, the insurer denied the claim.

The refusal of the insurance company was based on the fact that the respective drivers of the prime movers, at the time of the accidents, had not achieved a minimum score in a prescribed driver test, known as PAQS, which was a requirement of the policy.

The Insurer did however concede that the failure of the drivers to be PAQS certified, did not cause or contribute to the accidents and did not cause any prejudice to them. Notwithstanding that, the insurer maintained that it was entitled to rely on the requirement to deny the claim.

Section 54 of the Insurance Contracts Act 1984, came to the rescue!

The intention of Section 54 is to strike a fair balance between the interests of the insurer and the insured party. The effect is to prevent insurers from refusing to pay a claim, even though there is non-compliance of contractual

requirements, provided that the non-compliance did not cause or contribute to the loss. If the non-compliance did contribute, Section 54 allows the Insurer to reduce the claim, to the extent that their interests were adversely affected.

As the insurer accepted that the failure of the drivers to obtain the required PAQS score did not cause or contribute to the accident and resulting damage, there was no prejudice to the insurer. In fact, the Court not only ruled on an award to Highway Hauliers for damage to the vehicles, they added a further \$145,000 in compensation for their lost business opportunities which was a result of the insurers refusal to pay the claim.

The insurer appealed, which was dismissed. Ultimately, the insurer appealed to the High Court, raising issues used in a similar case in a different court. That appeal was upheld... but in this case, the High Court dismissed the insurers appeal.

One court says no, another says yes. Which proves there are never any guarantees when going to court, as each case will be reviewed on its own merits and situation. Consequently, you cannot rely on the outcome of this case if faced with similar circumstances. ■

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

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 60 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.



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.

Wise words

"Relationships are the building blocks of our personal and business lives - they should be cherished and developed."

— Dr Feelgood

"It costs nothing, takes almost no time and is powerful beyond measure. Unleash the power of praise and reap the rewards."

— Susan Mitchell

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