

News

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Dressing For Success - How to Position Your Business for The Best Results

With ongoing changes in both global and local insurance markets, we are continuing to see increased appetite and competition for well presented insurance risks.

The challenge for clients is how best to present

the profile of their organisation and its business activities, to generate the maximum interest and enthusiasm from insurers in their account.

Our most successful clients are those who take a deliberately planned approach to their insurance renewal to maximise their impact on insurers, and ultimately ensure the most effective result for renewal.

Whilst every business and its risks are different, there are a number of simple steps that can assist in a more effective result:

Step 1 - Know Your Own Risks

The management of an organisation must develop a solid understanding of the risks that their business faces in both its day to day operations, and its more strategic endeavours. From an insurance programme perspective, these then need to be analysed for those which will impact upon insurers and be the subject of the various insurance contracts.

These are the risks that need to have greater focus at the time of the insurance renewal, to ensure that insurer concerns can be addressed, and the business can be shown in its optimum light.

Step 2 - Help Sell Your Insurable Risks

Too many businesses rely on their broker to describe their business to insurers, and do not place sufficient emphasis or priority on the information provided to enable the renewal process to occur.

Who else can “sell” your own business better than someone who works there everyday and knows it intimately?

More effective results can be achieved by being more active in the negotiation process with insurers, explaining the different facets of your operations, and the overall philosophy to risk and insurance.

Who else can “sell” your own business better than someone who works there everyday and knows it intimately? Providing the most up to date and accurate information possible is an imperative to assist in the professional presentation of your risks.

Emphasise risk management measures - insurers are looking for clients who will work in conjunction with them to reduce their risk exposures, thereby reducing the chances of a major claim.

Changes in procedures or business operations can enhance your risk profile constantly - don't let these go unnoticed. Be prepared each year with details of where the risks have been

improved and your future plans for risk management .

Where losses have occurred in the past, provide expansive detail on how the claim circumstances occurred, and show loss control procedures that have been put in place to try and prevent

the claim from re-occurring.

Step 3 - Retain More of our Own “Predictable” Risks

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If you have improved your risk management procedures, there should be a reduced risk of smaller losses occurring.

New Insurer for Australian Businesses



A new name has appeared on the list of APRA approved Australian insurers, with the announcement of a license to be issued to Calliden, the reborn general insurer emerging from the skeleton of the previously troubled reinsurer ReAC.

Derived from the Latin “Callidus” the name is intended to represent versatility, skilfulness and experience. Calliden

have announced that they will focus on providing customised insurance solutions for affinity groups and associations.

They will focus on the SME sector only and distribute insurance products solely through insurance intermediaries. (An Affinity Group has been characterised by Calliden as a group of customers defined by a common affinity to each other.

The affinity can be characterised by a specific industry, professional association or membership and/or a recognised sector of society, e.g. Not for Profit. They define SME as small to medium sized enterprises with a turnover of up

to \$20m and/or up to 20 employees, including not-for-profit organisations.)

Calliden have have announced that they will commence operations with a capital injection of \$50m now completed, and a target of \$60m of business in the first year of operation, building to an annual premium income of \$200m in five years.

They have stated that they believe it to be a perfect time for a “disciplined, niche company” to enter the insurance market, with conditions being more regulated, stable and the most profitable in the last 25 years.

Tort Reform - A Light Emerging?



The ACCC's fourth monitoring report into public liability and professional indemnity premiums was released in February this year. It concluded that insurers were passing on the benefits of tort reforms to their clients through lower premiums.

The report's analysis of claims trends illustrated that the average public liability claim had decreased 11%

between December 2003 and June 2004, and that over the same period premiums for public liability insurance had decreased by 15%.

The average size of professional liability claims settled in the same period actually increased by 21%, but premiums fell 17%.

Tort reform commenced in Australia as an initiative seen to be imperative to entice insurers to continue providing liability coverage at a realistic cost.

It came at a time when insurers were reeling globally from deteriorating profits, the impact of September 11, and the collapses of insurers such as HIH and the Independent.

A reform program at both state and federal level sought to introduce greater certainty into how “negligence” was defined, and agree thresholds for damages and pain and suffering.

A greater level of protection was also legislated for volunteers and other “good Samaritan” activities.

Whilst clients may be starting to see the benefits of tort reform flowing through to the bottom line through

reducing premiums, not everyone is happy. At the recent conference for the Standing Committee of State Attorneys General there have been loud grumblings of the impact of what are considered by some, to be draconian reforms, that have tipped the balance away from legitimate claimants.

Both the NSW and Queensland AG's have asserted that premium reductions have not reduced sufficiently in light of the reforms.

This is a position strongly defended by insurers, and their advocate the Insurance Council of Australia (ICA).

At the same conference, the ICA refuted the assertions, citing both the ACCC analysis and recent data produced by the Australian Prudential Regulation Authority to demonstrate

that premiums were definitely decreasing and the availability of coverage improving.

The debate appears set to continue throughout 2005 however, with a recent Victorian Government summit on tort reform calling for more detailed monitoring of the insurance industry to ensure the benefits of reform do flow through to the community.

The summit was given details of a survey showing 92% of community groups surveyed had experienced no reductions in their public liability premiums. APRA are expected to release a more detailed report in the next few months with a detailed breakdown showing the impact on various community sectors.

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