



Insurance for Business

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Insurance for Business

- Where is the insurance market going?
- What do I really need to know about insurance?
- Can insurance make you more attractive?

Who is Arthur J. Gallagher?



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- We are a Family Run Business.
- We are Arthur J. Gallagher, part of the world's fourth largest insurance broking and risk management organisation.
- We have an Australian heritage dating back to 1976 when OAMPS Insurance Brokers was formed.
- Our parent company, Arthur J. Gallagher & Co, was founded in the United States in 1927 and is now listed on the New York Stock Exchange.
- We are part of a global organisation with over 20,000 employees in 400 offices across 22 countries.

Working with Community and Industry



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Restaurant
& Catering

Who's who in the insurance zoo?



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Insurers

- ✗ 100 General Insurers
- ✗ Working for the Insurer.

Underwriting Agents

- ✗ Wholesalers for General Insurers.
- ✗ Working for the Agent and Insurers.



Insurance Agents

- ✗ "Out sourced" sales person.
- ✗ Working for themselves and the Insurer.

Why are Insurance Brokers different?



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Insurance Brokers

The principle difference between an insurance broker and an insurer (or the insurers' agent) can be clarified with a simple word - responsibility.



A Broker **acts for the client** at all times.

Your Broker should be your business partner, protecting the sustainability of your business and livelihood.

Where is the insurance market going?



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- Insurance markets globally are notorious for ongoing cycles.
- We are in a 'soft' market.
- Expect similar rates in the next couple of years.



What do I really need to know about insurance?



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Every Business Needs a Broker.

- ✓ Workers Compensation
- ✓ Public & Products Liability
- ✓ Property
- ✓ Management Liability



Worker to Worker

- 'ABC' engages 'Labour Hire' company to provide staff.
- The Labour Hire employee is injured whilst working at ABC's premises.
- The injured employee makes a Workers Compensation claim
- against Labour Hire.
- Workcover accept the claim, pay medical costs and a lump sum settlement.
- Workcover initiate a recovery action against ABC.
- ABC checks the contract and finds it agreed to indemnify Labour Hire for all costs associated with claims, losses, damages etc. so there is no recourse against Labour Hire.
- ABC lodges a claim with its Public & Products Liability insurer.
- The claim is accepted and ABC are indemnified in full.
- ABC's excess for this type of claim is \$25,000.



Underinsurance

A simple example, illustrating the basic principle, application and effect of the Average/Co-Insurance clause is as follows:

Full Value - \$1,000,000. Sum Insured - \$500,000

Therefore you would be self-insured for 50% of the full value.

Amount of Claim - say \$100,000

Amount Payable by Insurers as a result of the application of Average/Co-Insurance - \$50,000 (being 50% of \$100,000)

NOTE: this is an example only – please refer to your policy wording to find out whether it has an Average / Co – insurance clause and if so, how it affects your entitlements under the policy.





- Business Interruption.
- Machinery Breakdown & Electronic Equipment.
- Motor Vehicles.
- Corporate Travel.
- Cyber.
- Excess By Down Cover for Cyclone.



The cost of cyber crime in Australia was estimated at exceeding \$1bn annually in 2013.

The average cost to an Australian business that has been attacked is \$2.82M, with the average cost per lost record estimated at \$144.

Source: Ponemon 2015 Cost of a data breach Study Australia



Ransomware attacks grew 113% with 45 times more crypto attacks in 2014.

Source: Symantec ISTR20 2015



88% of targeted malware remains undetected by traditional anti virus.

Source: Trustwave "Inside a Hackers Playbook"



1 in 9 legitimate websites have a critical vulnerability.

Source: Symantec ISTR20 2015

Excess Buy Down Cover

- Additional policy that sits alongside your Property cover.
- As an example,
- Business Package Excess is \$25,000 for a named cyclone.
- Excess Buy Down policy in place for \$5,000 to \$25,000.
- A cyclone event occurs.
- The Business Package insurer accepts the claim and pay the claim in excess of \$25,000.
- The Excess Buy Down policy pays you, the insured, \$20,000.
- The business is out of pocket \$5,000 not \$25,000.



Can insurance make you more attractive?



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Thank you

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