



Business Interruption Insurance

A BUSINESS INTERRUPTION POLICY (also known as consequential loss or, in the old days, loss of profits insurance) is designed to provide cover for losses resulting from an interruption to the business following damage that is insured by a property insurance policy.

A key issue to consider in arranging adequate business interruption cover is to establish the correct sum insured or declared value.

Insurable gross profit is usually defined by the policy as turnover + closing stocks less opening stocks and uninsured working expenses.

In broad terms, the sum insured/declared value should represent estimated sales less purchases.

Remember most BI policies are subject to a co-insurance or average clause that penalises under-insurance.

Please contact your JMD Ross account manager for any additional information. ➔



Install smoke alarms or risk policy breach

INSTALLING SMOKE ALARMS in residential properties is now compulsory in most Australian states and territories.

Queensland was the state that most recently mandated fitting smoke alarms in all domestic dwellings.

Since July last year mains-powered alarms are compulsory in new homes in Queensland and battery-powered alarms must be fitted in existing dwellings.

Since May 2006, new laws have applied in NSW, mandating the presence of smoke alarms in all residential buildings, including houses and townhouses, apartments and flats, residences above shops, caretaker flats, and relocatable homes. Victoria and South Australia have had similar laws since 1999.

With most jurisdictions now having passed specific laws and regulations covering domestic smoke alarms, it is important home owners and landlords meet their legal obligations. Failure to do so could void their insurance cover.

The laws in each state and territory cover the type of alarms required to be fitted, depending on the age of dwellings. "Hard-wired" 240-volt systems are usually required in new homes and battery-powered models in existing ones.

Some jurisdictions have specific requirements on interconnecting alarms, enabling a fire warning to be given in parts of a dwelling that may be remote from the source of a fire.

The various state and territory laws also contain provisions covering requirements for landlords to check, clean and repair alarms when tenancy agreements expire or are renewed.

It can be an offence to interfere with or remove a smoke alarm, unless it is for repairs, maintenance or replacement.

Requirements for siting alarms within a house, for instance the number of alarms needed on each level, vary among states.

All home owners and landlords should be familiar with the laws that apply to them and their properties for fitting smoke alarms and ensure they meet statutory obligations for ongoing performance, maintenance and replacement of alarms.

The alternative is to face the costly consequences of a damaging, even potentially fatal, fire without the protection and peace of mind of insurance cover.

For more information, contact your JMD Ross account manager. ➔

Advice Risk

ADVICE RISK can be defined as the risk of liability through giving advice leading to financial loss.

The risk is insurable under a professional indemnity policy. Advice for which a fee is normally payable is excluded under public & products liability insurance.

Advice that is incidental to supplying a product or conducting work is not excluded, but any resultant loss will normally only be within the public/product liability cover if the third party suffers bodily injury or damage to property.

Please contact your JMD Ross account manager for any additional information. ➔

Trade credit insurance protects cash flow

BAD DEBTS ARE A FRIGHTENING PROSPECT for any business owner/manager.

JMD Ross has partnered with Austbrokers Trade Credit to provide trade credit insurance to protect against bad debts and export and political risk cover.

Having trade credit insurance can protect your business's cash flow and trade debtor assets.

The cost of a bad debt is more than simply the loss of money you were due to receive. You can never make up for the cost of a bad debt. The impact is immediate. It can put stress on cash flow and will damage profitability. What would be the consequences if one of your largest customers failed to pay you?

For most businesses, the value of the debtors' ledger (money you are owed) is one of the largest assets, yet it is often uninsured. Other important business assets are usually insured without question, yet the risk to a business of customer insolvency is perhaps one of the most volatile exposures.

The JMD Ross-Austbrokers Trade Credit partnership can cover you against the following risks:

Commercial Risks – domestic (Australia & New Zealand)

- Insolvency – you can be covered against a debtor not paying you because they have gone insolvent, for example, an administrator, liquidator or receiver/manager has been appointed to them.
- Non-payment – if a debtor hasn't gone into a form of insolvency but won't pay, you can still be covered.

Export and Political Risks (outside Australia and New Zealand)

- Contract frustration due to war, riots etc.
- Repudiation by a buyer – this is a real risk, especially in cases of high price or currency fluctuation.
- Insolvency of or non-payment by a buyer.
- Inconvertibility of currency.
- Cancellation of import/export licences.
- Default by government-owned buyer.
- Contract cancellation by buyer's government.

There is a high degree of policy customisation available, with cover often provided for:

- The entire debtor portfolio or indemnity for a nominated percentage of outstanding debts, usually up to 90%.
- Selected large or high hazard debtors,
- Individual debts within the portfolio that exceed a pre-agreed threshold, and
- Individual or cumulative losses after they exceed a specific level or annual aggregated amount.

Talk to your JMD Ross account manager for more information. ➔

JMD Ross partner offers life and super advice

NEED ADVICE on life insurance and superannuation?

While JMD Ross is a general insurance broker, it has established a relationship with financial adviser Inpro to ensure clients can get access to professional financial planning advice.

Inpro Australia provides financial advice and services and investment management services to corporate clients, small businesses, families and individuals.

Recognised as an established, respected provider of financial services, Inpro specialises in protection strategies and offers a broad range of competitive products sourced from major financial institutions.

Michael Goodall, managing director, said Inpro's product range included:

- Personal and family insurance programs, including life, disablement, critical illness and income protection.
- Personal superannuation plan design, establishment and service.

Corporate strategies, plans and programs for:

- Business asset protection
- Keyperson insurance
- Business succession
- Employee benefits
- Group insurance
- Wealth creation and retirement
- Superannuation plan design, establishment and service
- Training and investor education in superannuation, and retirement planning, and
- Risk analysis and review services.

“At Inpro, we value and promote close working relationships with clients to ensure a clear understanding of financial objectives and priorities. That way, our advisers can tailor their advice and strategies to clients' specific situation and needs,” he said.

For more information, contact your JMD Ross account manager. ➔



Lift or stairs?

There is an old adage that the stock market goes up the stairs and down in the lift. In contrast, the insurance market goes up in the lift and comes down the stairs.



Contract reviews help risk minimisation

FOR ANDY JOHNSTONE, the only tough things about moving from the UK to Australia are the soft insurance market and his home country's sporting teams' inability to beat the Aussies.

Andy is managing director of Griffiths & Armour Professional Risks, a professional indemnity specialist for architects and engineers.

The Griffiths & Armour approach to writing PI is vastly different from that of an average broker. While he places cover only in first class markets, Andy and his colleagues conduct comprehensive contract reviews with all clients' contracts on an ongoing basis throughout the year, as part of a risk minimisation process.

Andy has been a partner with Liverpool-based Griffiths & Armour since 1991, having joined the firm in 1973, when it had only 30 employees. Today there are more than 300 around the globe.

Griffiths & Armour has had a long relationship with JMD Ross and the two companies formed Griffiths & Armour Professional Risks, which operates as a licensed representative of JMD Ross, to keep the administration and compliance burden under control.

Andy moved to Sydney to establish the Australian business two years ago. He had reached 50 years of age, and decided a "change of scenery" was needed. He wanted the opportunity to return to looking after clients, instead of being a business manager. He and his wife, Jill, are now Sydney residents.

Andy says winning business in the current soft market is difficult, but he is confident it will turn in the next two years. He is focusing on building a strong business base in Australia and explaining to potential clients that the Griffiths & Armour philosophy is "quality and sustainability, not just price".

Griffiths & Armour had considered expanding to Australia for a decade, but initially thought buyers were too money oriented, to the detriment of quality.

But, after the collapse of HIH, the mindsets of architects and engineers began to change. "They're now looking at what they're buying, not just what it costs," Andy says.

The company has not set a target for the quantity of business it wants to write in Australia. Andy says that creates the potential to undermine quality to achieve the targets, which would reduce Griffiths & Armour to the same level as "everyone else".

His goal is to give clients superior protection and service. He works with clients to assess their needs, examining their contracts and agreements to ensure there are no gaps in coverage.

In the UK, Griffiths & Armour is frequently an extension of clients' management teams, sitting on risk management committees and assisting in decision making. Andy aims to develop the same rapport with Australian clients.

Outside work, Andy enjoys golf and watching his beloved Everton Football Club compete. He has taken to following the NSW rugby union side, the Waratahs, but struggles to understand Aussie Rules ... so far. ➔



Corporate partners

JMD ROSS, AS A KEY PROVIDER of insurance services to the tourism and travel industry, was a participant in the Australian Tourism Export Council's annual Meeting Place in December.

JMD Ross is a corporate partner with ATEC, the peak body representing Australia's \$18 billion tourism export sector.

The Meeting Place, at Star City, Sydney, included a trade exhibition, at which JMD Ross exhibited, industry speakers and business-to-business workshops, and the ATEC annual general meeting.

JMD Ross director Tim Ross, the company's tourism and travel specialist, manned the booth in the trade exhibition, meeting travel industry representatives over the two days.

ATEC's participation as a corporate partner with ATEC began last year, after being a member for more than a decade.

JMD Ross's participation followed its successful participation in ATEC's annual Symposium at Twin Towns resort, on the Tweed, last year. ➔

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