

Contingency planning — a vital value-add from your broker

by Frank Hoffmann
insurance consultant

BROKERS CAN PLAY AN IMPORTANT ROLE in ensuring an entity can recover from a major disaster with the least possible disruption to the ongoing business.

It requires detailed pre-planning, specifically of the problems that could be encountered.

Consider recovery planning for the vast number of potential disasters a business can face. The list could be infinite. But, where time is of the essence and every day lost of significant moment, decisions will be made hastily with often disadvantageous results that pre-planning could have avoided.

A product recall or major product liability scare can be fatal to an enterprise (whether insurance is in place or otherwise). Specialist public relations personnel and lawyers must be briefed and the various tiers of government will inevitably be involved. Pre-planning of the professional personnel you will employ, pre-planning strategies with them and knowing them and their understanding of your business must inevitably mitigate future losses.

I estimate that one in 250 enterprises (whose business warrants such planning) have some form of planning and less than 1% have what could be termed comprehensive recovery plans.

The broker's role can be as varied as his skill and capacity allow. The basic but essential duty is for the broker to advise clients of the advantages (often the necessity) of considering formulating recovery plans.

The most obvious area is recovery planning following a major material damage loss. The broker involvement will largely depend on resources available, the broker's understanding of the business involved and the ability (and imagination) to analyse potential and possible scenarios following such a loss.

The broker who has taken the time and effort to thoroughly canvass with clients what the length of the indemnity period should be has, by definition of that task, largely established the factors that might delay achieving pre-loss turnover even if reinstatement of buildings and plant go to schedule. This becomes true "added value" to normal broking tasks.

A major disaster is a severe setback for any company but, with good planning, can be turned to the company's future economic advantage.

Virtually every aspect of an enterprise's functions should be considered in the ideal contingency and disaster recovery plan – a time consuming and major undertaking. However a broker will serve his client well by using every endeavour to have such a plan, at least for recovery from a potential major material damage loss and contingency plans for a products scare or recall as well as ensuring expert advice has been sought for IT-related problems.

• *JMD Ross Insurance Brokers is committed to assisting all clients with the development of contingency and recovery plans.* ➤



THE IMPORTANCE of a Business Continuity Plan was brought home to JMD Ross Insurance Brokers when its server crashed in March.

While the consequences could have been disastrous, no one panicked. The team followed procedures outlined in the 35-page comprehensive JMD Ross BCP, and the problem was resolved within 24 hours.

Linda Shelley, administration, compliance, training and IT manager, says the server had crashed a few days' earlier, but was repaired quickly by the Austbrokers IT department. As a member of the Austbrokers network, JMD Ross has access to the group's technical expertise.

However, when an overnight backup failed, it became obvious the server was unlikely to be operable again. That was when the JMD Ross team grabbed the BCP and implemented it.

A qualified technician was soon on hand to solve the problem and connect JMD Ross to the Austbrokers' system to ensure clients were not affected.

While the BCP names Ms Shelley as the key contact for IT issues, she was on leave when the server crashed. However, as any good BCP should, there were alternates available.

Assistant account executive Jodi Collins stepped in, liaising with the technician on site and Ms Shelley by phone. While Ms Shelley says Ms Collins "saved the day", Ms Collins is modest, saying her role was simply relaying messages.

Once the "fix" was in place, Ms Collins spent several hours ensuring all terminals in the office were online again.

The JMD Ross system is now operating efficiently and a long-term solution implemented to, hopefully, guarantee that such traumas are a thing of the past.

"Because of the BCP, we knew exactly who to contact," Ms Collins said.

Ms Shelley said the incident demonstrated how easy it was for an adverse event to occur, so it was vital all businesses had BCPs in place that were regularly updated and that all staff were familiar with the plan.

JMD Ross Director John Duncan said the company's server was vital to the operation of the business and any extended failure could have been devastating. "The experience showed us how essential it was to have a BCP in place. I was out of the country at the time, but the team put the procedures and practices in place and the issue was quickly resolved very satisfactorily." ➤



Server crash highlights BCP's impact

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JMD Ross joins ATEC on "The Tweed"

As a key supplier of services to the tourism and travel industry, JMD Ross is a corporate partner with the Australian Tourism Export Council.

ATEC is the peak industry body representing Australia's \$18 billion tourism export sector. Its mission is to build better business relationships for members and further issues important to the tourism export sector among key government and business leaders.

While JMD Ross has been an ATEC member for more than a decade, 2007 marked its first year as a corporate partner, so the firm participated as a sponsor and exhibitor at the annual symposium at the Twin Towns resort in northern NSW.

Matt Hingety, ATEC managing director, described "The Tweed" as one of Australia's newest emerging inbound tourism destinations, thus an ideal venue for ATEC's 30th symposium.

Director Tim Ross attended the symposium, manning the exhibition booth, which was professionally presented with new banners on show for the first time. JMD Ross client Natalie Pickett, managing director of Southbound Australia, was the lucky winner of a bottle of Bollinger that JMD Ross gave away in a business card draw.

Mr Ross said attending the symposium was a worthwhile exercise, giving him a chance to network with ATEC members, particularly inbound tour operators for whom JMD Ross manages a liability program. He met fellow industry suppliers and was able to build brand awareness for JMD Ross in the industry.

The company was presented with a corporate partner award by ATEC deputy managing director Gary O'Riordan.

The symposium featured quality speakers and presentations. Mr Ross says he's certain that next year, when the symposium moves to Newcastle, JMD Ross will be there again. ➤

Insurance terms defined

Accountants' clause: This is a clause in a business interruption policy that indemnifies the insured for the cost of accountants' fees for preparing and submitting the claim. Without the clause, the cost falls on the insured. Also known as claim preparation costs, it's a must-have cover.

The Four Stooges

Once upon a time, there were four people named Everybody, Somebody, Nobody and Anybody.

When there was an important job to be done, Everybody was sure that Somebody would do it. Anybody could have done it, but Nobody did it. When Nobody did it, Everybody got angry because it was Somebody's job.

Everybody thought that Somebody would do it, but didn't realise that Nobody would do it, so it ended up that Everybody blamed Somebody, when Nobody did what Anybody could have done in the first place.

"Keep fit" program for Curves insurance policy

As the accredited insurance broker for the Curves for Women network of franchised fitness centres around Australia, JMD Ross has just completed a review of the franchisee insurance package.

JMD Ross negotiated two changes with the underwriter, QBE, to improve the program for franchisees.

The replacement value for contents in the fire insurance section of the policy increased from \$50,000 to \$100,000 to accommodate currency fluctuations and the replacement cost of equipment.

QBE increased the coverage for a minimal premium, which means the policy should more than adequately replace contents if a fire occurs at a Curves for Women franchise.

Previously the policy had no coverage for money claims, however QBE has agreed to include \$500 of money coverage for no additional premium.

The policy also covers business interruption, theft of property, glass and liability, including professional indemnity.

The review, conducted in association with Sports & Fitness Insurance Corporation, is part of JMD Ross's goal to always ensure clients' policies are "fit and healthy" for clients' needs. ➤



Professional service Yohan's hallmark

Yohan Seneviratne, corporate & international account manager at JMD Ross, prides himself on the ability to offer clients a professional service, quick turnaround and good advice.

He has seven years' experience in the industry – five in broking and two in general insurance – so he has a solid understanding of the issues facing his clients.

Yohan has been with JMD Ross since 2003 and specialises in property and liability portfolios for Australian and international clients.

Before joining JMD Ross, he worked for a brokerage that specialised in sports insurance.

Yohan has Tier 1 accreditation in insurance broking and is studying the Diploma of Financial Services (Insurance Broking).

Outside work, Yohan plays rugby league and cricket and spends time at the beach with his fiancée. The pair plan to marry in May 2008.

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“Private companies are misguided in an often-held belief that their private status insulates them from the costly risks facing directors and officers and the organisation.”

Ms Marcello said that, in her experience, broad defence costs coverage was a key factor in the buying decision for many clients. The ForeFront Portfolio product suited private companies with annual turnovers ranging from \$1 million to hundreds of millions.

Coverage under each of the modules was fully comprehensive, not a streamlined, pared-down cover frequently offered under business package policies.

Indicative premiums for companies selecting the D&O liability, employment practices liability and crime modules are:

Revenue	\$1m liability limit	\$2m liability limit
\$1m or less	\$1,060	\$1,620
\$1m–\$3m	\$1,580	\$2,240
\$3m–\$5m	\$2,200	\$2,975
\$5m–\$10m	\$2,630	\$3,760

(Premiums are indicative only and exclude stamp duty and GST. Actual premiums may differ, depending on individual insured's circumstances.)

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