

# Brokerwise



## News about issues that affect your business

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## Capture the Spiking Insurance Demand - After COVID-19

Insurers need to plan beyond immediate needs. In China, demand for term life and health insurance showed a significant increase after the SARS outbreak in 2002. COVID-19 will likely create a similar uptake from consumers across the globe. Of course, the world now is much more digitized and widespread, physical-distancing and lockdown measures have pushed most insurers to accelerate their digital-transformation efforts.

Data and analytic capabilities can underpin a wide variety of initiatives to provide the personalized and convenient experience that will define insurers' competitive advantage in the years to come. Insurers are increasingly adopting these capabilities as the insurance distribution model is fundamentally changing and migrating to digital channels faster— not just toward self-service but also toward remote, pro-active outreach through phone, social media, professional and other channels.

### **Personalization**

Data and analytic can enable insurers to offer the personalized services customers have come to expect.

### Microsegment marketing:

Create microsegments based on customer data and couple segmentation with a data management platform to personalise offers across channels.

### Timely human assistance:

Identify customers struggling in real time and provide assistance—over chatbots, social media chat tools, outbound calls, or in person—to improve customer engagement and minimize potential drop-off from policy benefits, such as purchase or increase in coverage.

### Brokers recommendations:

Recommend brokers to new customer leads based on profiles, product expertise, customer lead-behaviour, availability, and so forth to maximise the conversion rate.

### **Convenience**

Convenience can also be facilitated by data and analytics.

### Omnichannel integration:

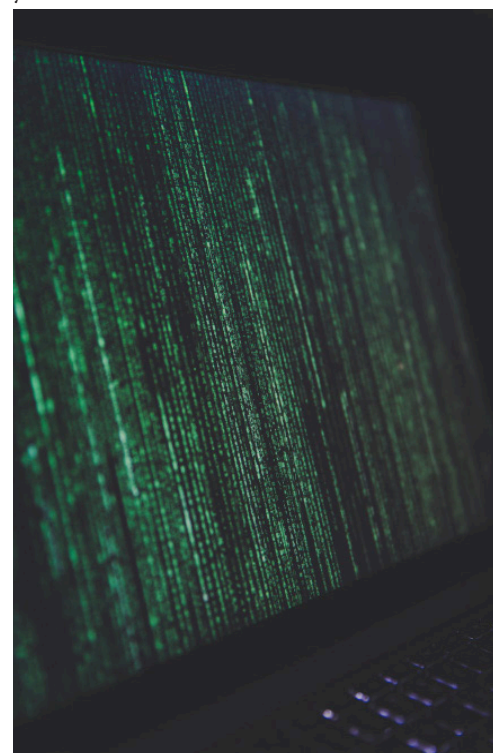
Capture customer preferences and inputs in real time and feed this information to all available channels to create a seamless experience.

### Streamlined and automated underwriting:

Remove questions with little impact on the underwriting decision and where possible, automate those decisions to enable instant policy approvals.

Even for insurers that have experienced major successes in deploying discrete data and analytic use cases, developing more comprehensive,

top-down capabilities and scaling to the rest of the organisation will not be easy. Industrialised delivery takes time to organize up front. However, it can result in seamless, integrated releases and competitive differentiation in the months and years to come.



## What role do Australia's Supercomputers have?

What role do Australia's Supercomputers have during a bushfire or a pandemic?

At the beginning of 2020, Australia was stunned by the worst bushfires on record, but barely a few months later we're struggling with COVID-19, which is ravaging the world.

When events like this occur, the decision makers...incorporating federal governments, state governments, health providers and emergency services, need fast and reliable data to determine what's happening. After that, they need sophisticated modelling to plan for what's to come, and how to deal with it. While we've all heard about supercomputers, probably very few of us know anything about them, where they are or what role they play.

Two major centres provide the high-performance computing research - the National Computational Infrastructure (NCI) in Canberra and the Pawsey Supercomputing Centre in Perth. NCI houses, Gadi is the most powerful supercomputer in the southern hemisphere, in which has the processing capacity to achieve in an hour, what your average PC would need 35 years to complete. The Pawsey centre is

specially designed for data-intensive research in cutting-edge fields, such as space science.

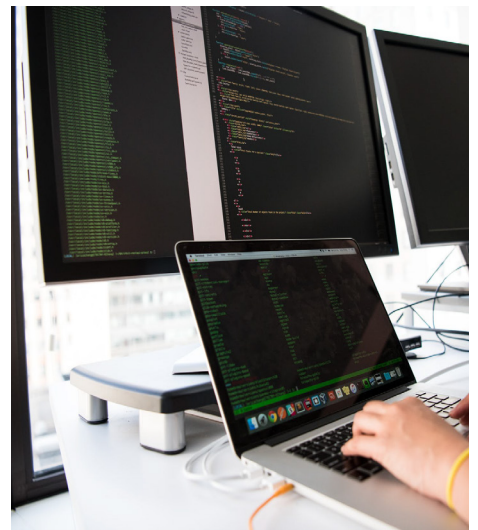
Both centres operate on a 24/7 basis, processing huge quantities of data to provide analysis and forecasts for the decision makers. These data-driven models can provide earlier and more accurate warning of bushfires, floods, hailstorms, cyclones and other extreme events. These accurate alarms give emergency services crucial timely notice, to try to prevent loss of life and property. Currently both national facilities are contributing resources to support researchers in Australia in the fight against COVID-19.

The federal government has invested \$70M in each centre for upgrades to ensure the facilities keep up with the increased need for accurate and quick data. Gadi is around nine times more powerful than its predecessor, while the Pawsey's upgrade has delivered ten times the cloud storage and boosted its capability fivefold.

A new Australian Disaster Resilience Index provides a crucial snapshot and support tool for decision makers, offering a nationally standardised index of resilience for the first

time. By measuring the capacity for resilience, we can understand how different regions will be affected, adapt to and cope with the threat.

Supercomputers connected to massive data systems and supported by expert staff, yield crucial insights to enable agencies to identify and respond to crisis, instead of analysis after the event, to determine what happened.



## Growth by Acquisition

In today's current Economic Climate many businesses are electing to increase their growth by way of acquisition.

Whilst this strategy remains sound, there are many considerations that need to be undertaken prior to purchasing an existing business, particularly if that business is in the same Industry and/or Profession you're currently trading in.

The main key to any successful acquisition is undertaking the appropriate 'Due Diligence' prior to any Contracts being arranged. Initially, "Commercial in Confidence" Agreements are

prudent to be agreed and executed as this provides protection to both the buyer and sellers.

It's been stated on many previous occasions however if the 'culture' of both businesses aren't similar that it can make the combining of the two entities difficult.

Whilst there are many dollar savings that are able to be achieved as a result of business "synergies" the largest is always the savings made from duplication of staffing. Any successful unification of businesses places a great deal of emphasis on the 'coming together' of multiple business.

Some of the other cost savings that are able to

be achieved are: Lease & Rental duplication, Office Leases, Computer & IT Savings, Motor Vehicle duplication, Professional Fees, etc.

As with all Business acquisitions and purchases, ensuring that the appropriate Sale Contract is in place is critical. It's very important that matters relating to previous and ongoing Taxation and other financial matters are succinctly dealt with so that neither of the parties is disadvantaged post settlement. The early involvement of Solicitors and Accountants, together with any other Business advisors such as Insurance Brokers, will assist in the smooth transition of combining entities.





## Why are Unoccupied Risk so unattractive to Insurers?

Due to the Coronavirus restrictions, many businesses are having to temporarily close to limit the physical exposure to the virus. This is changing the way businesses are able to operate or normally function. Some businesses have been instructed to close their doors, some have been directly or indirectly impacted by the change in social activity, or by changes in purchasing practices, resulting in these businesses temporarily closing to limit financial impact.

At the same time, insurers have become highly risk adverse to unoccupied businesses. Unoccupied premises present a heightened risk profile as they are susceptible to theft, vandalism, malicious damage, arson, undetected need for repairs, fire inception for defective electrical, general deterioration caused by adverse weather and water ingress.

Based on claims statistics released by CGU Insurance, one of Australia's leading commercial insurers, a business is approximately 10% less likely to have a claim during this unoccupied period; however, the average claim size increases by 350% for vacant properties.

The National Fire Protection Association in USA reports that during the period 2011-2015 fire claims accounted for 21% of all commercial claims and of these, 19% were intentionally lit and resulted in 86% of the costs of arson related damage claims. Therefore, while only 4% of commercial claims are arson related, they account for 86% of the cost of fire claims. In addition, 50% of fires occurring in vacant buildings are deliberately lit compared to 10% for occupied premises.

Good management procedures can help to prevent criminal attack and reduce the cost of remedial work should a loss occur. These procedures should consider:

### 1. Building Integrity

Check gutters, sewers and drainage are in good working order and not blocked, ensure fire doors are closed.

### 2. Housekeeping

No external storage of pallets or combustibles, remove/reduce all vegetation on site, clean processes of all combustibles, ensure vermin treatments are up to date.

### 3. Security

Ensure all doors and windows closed and locked, CCTV is operational (if present), security alarms functional, remove or secure all valuables on site, e.g. cash, vehicle keys.

### 4. Fire Service

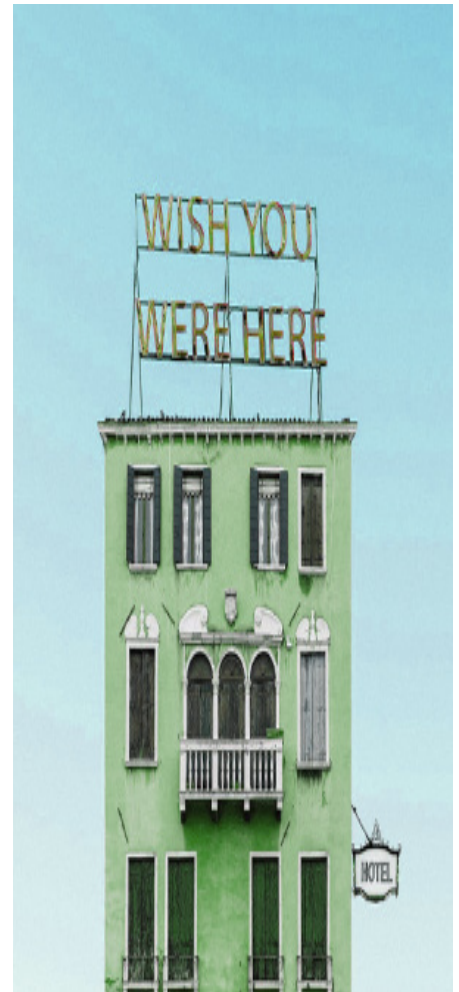
Ensure all fire detectors and sprinkler systems (s) are operational, ensure fire alarm system is functional.

### 5. Plant and Equipment

Shut down plant, equipment & processes, isolate gas and water supplies, isolate power, drain all liquids and clean process lines, make sure all openings are stopped to prevent ingress of dust, insects and vermin, ensure maintenance schedule is followed & all missed maintenance tasks are logged to be addressed once operational

### 6. Management Practices

Inform staff/customers of change to business and impact on them, ensure Business Continuity Plan in place, notify local fire brigade & police, notify insurer, postpone any goods deliveries, couriers, etc., take pictures of anything, ensure IT system back up is completed, ensure safe return to work plan in place for staff



Although insurers are trying to be supportive of businesses during COVID-19, unoccupied risks are still difficult to place, and good management procedures are mandatory if cover is available.

## Takeaway Tips Through COVID-19

### #1 Developing Strong Data-Driven Business Models

There has been a large number of job losses. Although in some industries, have termed the pandemic as a 'black swan' event. If industries had foreseen the COVID-19 pandemic, they would have braced themselves for a massive hit. Moreover, they could have proposed solutions that would have helped to minimise the impact on workers, the business, and their customers.

### #2 Think Innovatively

Innovation is always important especially in the business world. In the wake of the COVID-19, one of the more important business tips is to get creative, if businesses are to weather the storm and stay afloat.

### #3 Demonstrate Care for Employees & Customers

There is a lot of loyalty when it comes to business. Customers look out for loyalty in sale moreover price. However, one of the key indicators of loyalty when it comes to business is the relationship not only between the customer but employer with employee especially during trying and confusing times. Remember businesses need staff to run constructively.

### #4 Use Social Media More Often

Due to the COVID-19 pandemic people have been using social media engagement more now than ever which is not surprising despite lock-down situations. One of the easier-to-implement business tips, social media can give your firm a hefty boost in brand awareness and sales.

### #5 Take Seriously Work-From-Home Set-ups

To ensure a greater level of productivity, it is essential that companies provide the necessary work-from-home tools to help employees stay focused and effective. Businesses never know how many waves of COVID-19 we may have.

# 10 'Lucky' Facts - People Do Around the World

## 1. Don't Wash Your Hair - Korea

The New Year represents a new beginning with fresh luck and washing your hair essentially rinses all that luck away. With Korea being known as a high-superstitious country, it's considered bad luck to wash your hair on new years.

## 2. Eat Round Fruit - Philippines

In the Philippines, eating circular fruit like apples, pears, and peaches is believed to attract abundance and wealth. In fact, almost anything associated with round shapes is considered good luck, including wearing polka dotted clothing and throwing coins into fountains.

## 3. Consume a Dozen Grapes - Spain

It is said to have originated back in 1909 when Spain experienced a bumper grape harvest in Alicante, its principal grape growing region. It's traditional to eat 12 green grapes, one for each strike of the clock come midnight on New Year's. If you can finish them in time, you'll have luck all year. When you're done, toast to the new year with a glass of cava, sparkling Spanish wine.

## 4. Out With the Old (Literally) - Italy

It doesn't hurt to keep alert for broken glass when walking around at night on New Year's Eve in Italy. An old New Year's tradition in Italy is to throw household items like crockery, plates, and glass out of upper-storey windows to drive out bad omens and start the coming year fresh.

## 5. Eat Fish for Good Fortune - China

Chinese culture is full of New Year's customs associated with food. Therefore, eating a whole fish altogether as a family is believed to bring wealth in the year ahead. There are many traditional rules associated with eating fish, such as the head must be pointed toward the elders.

## 6. Receive a Gift from a Tall, Dark and Handsome Stranger - Scotland

Celebrate Hogmanay, or the Scottish equivalent of New Year's Eve, with a tradition known as the 'first footing'. In Scotland, the first visitor to rock

up at your doorstep in the new year is said to bring good luck. Particularly if they're tall with dark hair. The handsomer the better too. The so-called 'first footer' typically arrives bearing gifts, such as silver coins, shortbread, and whisky. Fair-coloured visitors, however, are believed to be an unlucky omen as they call back to the Viking invasions.

## 7. Place Leaves Under Your Pillow - Ireland

For luck of love, Irish singles are encouraged to tuck leaves of holly or ivy beneath their pillow before they sleep on New Year's Eve. This is so they'll dream of the person they will marry. In modern times, the practice has extended to sprigs of mistletoe because of the adopted holiday tradition of kissing under the mistletoe.

## 8. Put a Ring In It - Mexico

Alike many other countries around the world, in Mexico, New Year's is celebrated at the stroke of midnight with a drink of bubbly. However, one unique tradition amongst Latinos that was inherited from the Spanish, is to add a gold ring to the bottom glass before toasting 'Salud' in order to attract prosperity.

## 9. Take Your Empty Suitcase Around the Block - Columbia

Zip up an empty suitcase and go for a walk around the neighbourhood as it's said in Columbia to bring a year filled with travel and adventure.

Some people simply wheel their bag around the house or leave it by the front door, although taking your luggage on a proper journey around the block is said to better your chances of journeying abroad.

## 10. Eat Beans for Success - Argentina

Eating beans is a New Year's tradition in Argentina. It's said to bring good luck in finding employment for job seekers, keeping their current job for those who are already employed, or landing a better job for those looking for new opportunities.

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

### Premium Funding

### 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 57 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](http://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.

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# Wisewords

"When we spend our time looking at what other people do or what they have, we deprive ourselves of the opportunity to see our own value."

- Les Brown

"Travelling – it leaves you speechless, then turns you into a storyteller."

– Ibn Battuta

"Formal education will make you a living; self-education will make you a fortune"

— Jim Rohn