



McCormick Harris

INSURANCE

ADVICE • SOLUTIONS • SERVICE

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CLIENT NEWSLETTER

Moment of truth – claims satisfaction higher for broker clients

Claims time is the moment of truth for insurance policyholders, and when the value of a product that can put businesses back on their feet after an accident or disaster is truly appreciated. In difficult economic times, having that peace of mind is also more important than ever.

Having someone to advocate on a business' behalf and keep across the details after a claim is lodged is additionally an advantage that's often underappreciated until the moment arrives.

The annual Vero SME Insurance Index, based on a survey of 1750 businesses, this year finds that 68% of broker clients who made a claim were satisfied with their experience, compared to only 48% of clients who buy in the direct market without support from an adviser.

The difference becomes starker when looking at complex policies. For example, 85% of broker clients were satisfied with professional indemnity claims compared

to only 46% of direct clients, while for machinery and equipment breakdown there was a 16-percentage-point gap.

Reasons for the higher satisfaction levels when using a broker include effective communication and greater clarity through the process. For some it reflected receiving the full amount of the claim.

Broker usage is associated with higher levels of pay-outs, with 55% of clients in the survey reporting more than half their losses were covered, compared to 38% of direct buyers.

The success of claim outcomes goes back to discussions when policies are taken out or renewed. The report further points to the advantages from talking with a broker whenever changes are taking place or are planned within a business.

The survey finds that 61% of businesses are planning some form of change in the next 12 months, ranging from expansions to downsizing or preparing to sell.

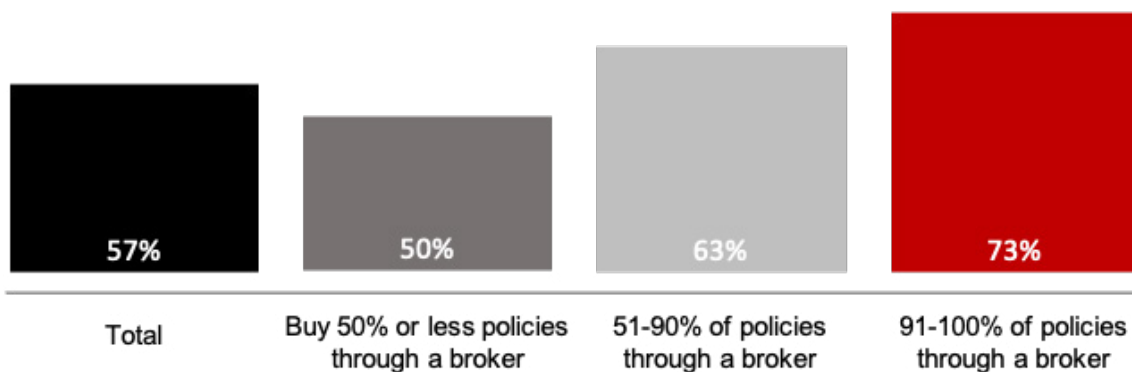
Simple things, such as adding product lines or online capabilities can affect insurance coverage, while more complex changes, such as buying a new premises, renovations or employee contract variations, could have major implications or even result in coverage not being available.

The impacts of rising costs across the economy need to be considered as high inflation rates and supply chain pressures present underinsurance risks.

The report finds only 29% of businesses say they have considered increasing replacement costs involved with claims when renewing cover.

Insurance is complex and businesses are operating in an uncertain environment. Whether taking out a new policy, renewing or considering changes, it's well worth talking with a broker. Hopefully, there won't be a claim, but if there is, those discussions could make all the difference.

% satisfied with claim by % of policies bought through a broker



Source: Vero SME Insurance Index 2023

So you've had a claim denied. What next?



Don't panic: having a claim denied can be stressful, but we may be able to help

Filing a claim can be an arduous task – but having a claim denied is even worse.

The stress of thinking that you may have to finance repairs or payments yourself, when you thought that they would be covered by the insurer, can be overwhelming.

But if you genuinely believe you have had a valid claim denied, there are options.

Before firing up a complaint to internal dispute resolution with the insurer, or the Australian Financial Complaints Authority (AFCA), it's worth checking with us to see if there is anything we can do to help.

An experienced broker can act as a reliable advocate, utilising their expertise to provide valuable advice on the claims process and analyse any areas that need a different approach.

Sometimes providing additional documentation, evidence or a second opinion against an insurer-appointed expert can make all the difference. When it comes to disputed policy exclusions, a broker's advice can also be helpful.

If required, you can ask your insurer to launch a formal internal dispute resolution to review the decision to deny the claim and any specific issues raised with its handling.

The insurer will appoint a decision-maker to review the dispute. If you are unhappy with the outcome, you can take your case to a third party, such as AFCA or a court.

The AFCA process will investigate the claim's validity, placing the onus on the complainant to prove that a loss occurred and that it falls within the terms of the policy.

If accepted, the responsibility will then be placed on the insurer to show that it was entitled to deny the claim, due to policy exclusions or other reasons.

A decision will be made by an ombudsman or panel who will resolve the dispute.

Although AFCA decisions are typically binding for financial firms, complainants do not have to accept them and can take their complaints to court.

However, this will likely result in a costly and lengthy process and should be considered a last resort.

When making a claim, remember to give us all the information you have, and we can give you the best chance of a successful outcome.

But should a claim be denied, talk to us about the best next steps.



Hard-to-place risks aren't uninsurable. Here's why

Hard to place: some industries are tough to insure – but not impossible

The insurance market has not been easy in the past few years. Premiums keep going up and things are set to stay this way after last year's devastating floods. Insurers have pushed through rate increases across most product classes and indicated they're not done with the price adjustments yet.

And if your business happens to fall into the "hard-to-place" risk category, chances are you have had it even tougher than most.

So what exactly is a hard-to-place risk?

The term is commonly used by the insurance industry to refer to risks that are perceived as more complex and complicated.

The business may be particularly exposed to natural catastrophes, or have a record of making large claims in the past. If a business is seen as unique or relates to some sort of

hazardous activity, it'll also fall into the hard-to-place group.

In other words, readily available off-the-shelf cover is probably not going to be the right insurance solution.

Typical examples of hard-to-place risks include industries such as mining, energy, meat packing and waste recycling. In recent years, however, the list of hard-to-place risks has grown – a trend that is reflective of the changing risk landscape.

Businesses that used to be able to acquire insurance such as amusement park operators have found it difficult.

They need public liability insurance to carry on their business but finding a policy within budget has been tough.

In some extreme cases some are willing to pay, but can't find an insurer.

Here's the good news. A hard-to-place risk does not in any way mean that it cannot be insured. And more good news. We're here to help.

We have a strong network of contacts with specialist insurers and underwriting agencies who know all about hard-to-place risks. We'll find a tailored cover that offers the protection you need for your business. The risk may be hard but hard does not mean impossible.

So don't give up. Give us a call, tell us what you're after and we'll get straight onto it. Remember we're your risk adviser, so let us help, and you can focus on running your business.

Spare a weekend for property maintenance this autumn

Autumn is beautiful in many parts of Australia as leaves take on golden-red hues, but it is also a time extra care must be taken around the home and business to ensure gutters are not blocked and nearby trees are not endangering properties.

Mitigation is the word on everyone's lips after the devastating floods brought by three La Nina weather phenomena, and simple measures will help satisfy your insurer that reasonable precautions have been undertaken to protect assets from damage.

Insurers are spreading the word loud and clear that customers need to do their part in taking preventative action before wild weather strikes – or risk voiding a future claim. Carrying out regular maintenance and not allowing your property to fall into disrepair is vital.

Water is a powerful force, and once it gets

into a building it can cause tremendous damage, and with a likely flip to El Nino conditions just around the corner, we'll be worrying about bushfires before you know it.

Australian business owners are encouraged to take simple steps. Wild weather is certain to arrive at some point and a bit of maintenance goes a long way to protect your property.

This includes keeping gutters and drains clear, checking your roof for signs of damage – particularly tiles and flashings, cutting down loose tree branches and removing debris which can become projectiles in high wind, and ensuring fences are in good condition and removing or fixing loose boards.

Ahead of a storm, secure heavy items such as outdoor furniture and BBQs. Park vehicles under cover and write down contacts in case you lose internet access.

Close all your windows and doors, curtains and blinds, and consider using sandbags if your property is flood prone.

Such simple maintenance actions can markedly reduce damage during wild weather, although it is vital small business owners take the utmost care and do so safely or call in an expert.

Claim events can be excluded if your property has not been well maintained – but do take care if you're cleaning those gutters yourself. Falls are Australia's number one cause of injury or death and more than 6500 people are hospitalised a year after falling from a ladder.

Making a claim can be stressful, and preparing your property ahead of time may even avoid the need to make a claim all together.



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