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## INSURANCE

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CLIENT NEWSLETTER

## Heating up: bushfires a key risk

This summer had barely begun when bushfires destroyed homes in NSW and Tasmania, sounding an early warning on the speed with which they can escalate, sweep through properties and devastate communities.

Recent years have left flooding top of the agenda when it comes to natural disaster risk, with torrential rainfall in 2022 triggering record insurance claims in eastern Australia.

But six years after the Black Summer bushfires burnt more than 24 million hectares, emergency services have warned some regions now have “abundant surface fuels” and long-term rainfall deficiencies persist in four states, creating environments where bushfires can easily ignite and spread.

The NSW Central Coast and Tasmanian east coast fires were not in areas identified as having elevated risk factors in the seasonal outlook – highlighting that locations with “normal” conditions still need to be vigilant. Dangers from grassland and scrub are

often underestimated and experiences overseas, including in Los Angeles, have shown repercussions when strong winds drive embers beyond the urban fringe and deep into built-up communities.

Businesses at risk, and even those that may consider themselves out of harm's way, should ensure they are up to date with potential threats and resilience measures, particularly as insurers look at address-level details and regularly update assessments.

Mitigation actions include clearing trees and vegetation around properties, and cleaning gutters to prevent leaves and debris posing an ignition risk. Storage of flammable materials such as gas bottles or chemicals should be taken into account, and in some circumstances water supply measures considered.

Building, equipment and stock valuations should be up to date for insurance purposes, because trades and labour shortages are pushing up inflation, while strengthened building rules introduced

after past catastrophes may increase reconstruction costs.

Rules for properties in bushfire-prone areas boost resistance to ember attack, radiant heat and direct flame contact, requiring resilient materials. Roof, window and door sealing standards reflect the ability of embers to enter gaps as small as two millimetres.

Business planning should also include continuity and operational factors, considering potential evacuations, road blockages and utility disruptions, as well as worst-case destruction scenarios.

Considerations include how staff and suppliers may also be affected, alternative arrangements for meeting customer needs, and action that could smooth processes for any claims lodged.

Bushfire seasons are becoming longer and conditions can change quickly when temperatures rise, as recent events have shown. Talk to your broker about the best ways to reduce risks and ensure the cover you need is in place.

# How to avoid a party hangover

In a Christmas party prank gone wrong, a senior banking executive was sacked recently after their employer investigated a mock hostage stunt at a staff function.

The incident, involving a NAB-owned digital banking arm, is an extreme reminder of what can go wrong at corporate gatherings – and why it's important for host businesses to be aware of their obligations.

As function host, an employer is legally responsible for ensuring the environment is safe for employees. These are sanctioned work events where employees are expected to conduct themselves appropriately.

Employers may also be responsible, depending on the circumstances, for after-party employee conduct under Australian workplace regulations.

According to law firm Clyde & Co, Australian authorities have recognised that a private incident following a work

event can still “arise out of” employment if it is connected to an employment context or is the culmination of workplace conduct.

Employers that prepare, supervise and investigate properly will substantially reduce litigation and regulatory exposure, the law firm says.

So, what can a business do to prepare for such risk?

Start with a comprehensive risk management assessment. Review all company policies around alcohol, bullying, harassment and social media to ensure they meet workplace laws.

Make it a HR policy to remind staff they are expected to behave when attending work events. Ideally have these reminders sent out before the events.

It's also good policy to nominate at least one employee as the responsible person,

to oversee the supervision and safety of staff at work events.

Where possible, check if the function venue has a support plan for managing individuals who step out of line.

And review your management liability coverage. If you don't have a management liability policy, it may be time to consider getting one.

Management liability often falls below the radar, but it's a critical component of a business' risk management plan.

Depending on your needs, management liability insurance can be structured to protect directors and officers and the insured company from claims of unfair dismissals, workplace health and safety breaches, sexual harassment and discrimination, and defamation.

So, give us a call. Let us work out a plan for you, so you can party without worries.







**POLICE LINE DO NOT CROSS**

## Don't let the crooks steal your festive cheer

While it should be a time to ease away the stresses of the year, the holiday period can also bring increased risk of theft. With many small businesses shutting down for a couple of weeks, this presents a golden opportunity for criminals to get their hands on tools, stock or cash.

Premises perceived as vacant are targets, but there are security steps you can take to prevent this perception, such as setting timers for music or internal lights to create the appearance of occupancy.

Another critical measure is ensuring all entrances are secured before the closure, while installing cameras and alarm systems also serves as a vital deterrent.

Not all businesses close during the holiday period. For many, summer is their busiest time of year, and more customers and

trade can bring more theft.

Last year there was a 21-year high in retail theft numbers, according to the Australian Bureau of Statistics, with more than 270,000 recorded. While not every incident can be prevented, proactive measures such as staff training on suspicious customers, procedures for handling cash and visible deterrents can minimise the risk.

Cyber theft is another significant concern, with fraudulent transactions and system breaches more likely during the busy shopping season. Now is the time to enable multifactor authentication and to remind staff to remain alert when handling electronic payments or responding to suspicious emails.

Homes are also a popular target for crooks, with recent NRMA Insurance claims

data revealing a 19% spike in thefts during the summer. Criminals take advantage of increased absences, with 46% of Australians saying they plan to be away from their homes for two or more consecutive days over the summer. Alarming, NRMA reports that 32% of Australians do not check whether their doors and windows are locked before leaving. Even the most basic precautions can be essential.

Just as important as security measures is ensuring your insurance is adequate to protect against theft. A thorough check with your broker can help you manage risk and avoid underinsurance, and make you aware of important policy information.

By talking to us and implementing a few practical steps, you can have a safe and secure festive season.

# Secure your business' future

Succession planning is too often overlooked by Australian SMEs, despite being critical for long-term stability and business value.

Many SME owners can get heavily involved in day-to-day operations, meaning an unexpected death or disability can quickly trigger financial strain, ownership disputes or even business failure.

Insurance can play an essential role in preventing these shocks, ensuring your organisation can transition smoothly when key individuals are no longer available.

One important tool is buy/sell insurance, which provides funds for remaining partners to purchase a departing co-owner's share of the business in the event of death, permanent disability or trauma.

It can enable the remaining owners to quickly and efficiently acquire the departing owner's share, and continue running the business with minimal disruption.

Without such arrangements, families might inherit shares they don't want or can't manage, or remaining partners may

be forced to fund a buyout they can't really afford.

Buy/sell insurance solves this problem by ensuring a clean transfer of ownership, protecting the financial position of the outgoing owner or their family, and avoiding disputes that can otherwise stall or destroy the business.

This funding mechanism is vital for SMEs, where personal wealth is often tied up in the company.

Another important component of succession planning is key person insurance.

Many small businesses rely heavily on one or two individuals – founders, specialist technicians, senior salespeople or executives whose knowledge and relationships drive revenue and keep everything on track.

If that key person suddenly dies or becomes disabled, the business may face lost sales, delayed projects, reduced client confidence and increased recruitment or training costs.

Key person insurance provides a financial buffer to help the business absorb these impacts.

The proceeds can be used to hire and train a replacement, cover temporary loss of profits, repay debts, or stabilise cash flow during a transition period.

For SMEs particularly vulnerable to key individual risk, this cover can be the difference between survival and closure.

By integrating buy/sell insurance and key person insurance into a broader succession plan, Australian SMEs can protect business value, provide certainty for stakeholders and ensure leadership transitions occur smoothly.

These tools turn unexpected disruption into manageable events, giving owners confidence that their business – and the people who depend on it – will remain secure well into the future.

Talk to us about your business succession plan and we'll help make sure you've got all bases covered.



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