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The march of the scams

HAVE YOU BEEN CAUGHT... YET?

In 2014 almost 92,000 scam related events, netting the scammers a total of nearly \$82 million, were reported to the ACCC.

Although these figures are significant, it is believed actual losses are much higher, as many scams simply go unreported and the ACCC is only one of several agencies that receive scam reports.

Interestingly, almost 88% of persons reporting scams suffered no financial loss and one third of those who did lose money reported losing less than \$500. This indicates that scammers

are continuing to prefer high volume, low value scams. At the other end of the spectrum, there were 14 instances where losses exceeded \$500,000.

While dating and romance scams make up only 3% of the total, they resulted in nearly 35% (\$28 million) of the losses.

Online scams, which include those involving social networks and apps, caused the greatest slice of financial losses amounting to nearly \$48 million.

The ACCC's Scam Disruption Project used financial intelligence to identify people sending funds to high-risk jurisdictions and warned them of the likelihood they were victims of a scam.

Following the ACCC alert, over 70% of those who were sent a warning letter ceased sending funds... for at least a six-week period. Why some recommenced sending cash is unknown. ■



Insurance cover in question

RISKS IN SHORT TERM HOME LETTING

There are several web based accommodation services that connect travellers with local hosts but by far the industry leader is Airbnb. Travellers can find unique places through the Airbnb website that in most cases are much cheaper than hotels and hostels in the same area. Hosts can rent out their extra rooms, flats and properties and earn good money. It's fun and easy.

Founded in 2008 by two almost-broke roommates, the accommodation website Airbnb now has over 1.5 million accommodation listings in 34,000 cities in 190 countries.

The service is very popular and a great way to see the world as a paying guest in a diverse range of homes. It's also an excellent way to make money for those prepared to welcome strangers into their homes.

Although there are various security checks to ensure the bonafides of

property owners and paying guests, the sheer number of users suggests there will be exposure to a percentage of bad apples on both sides.

Where there's risk, there is also insurance.

In Australia, one of the largest Airbnb markets after the USA, participating 'hosts' have access to Airbnb's Host Guarantee. But this is not insurance, the Host Guarantee provides protection

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for up to \$1,000,000 in damage to your property in the event of guest-caused damages, *which are not resolved directly with the guest.*

Compensation payments under this scheme are subject to conditions, limitations and exclusions. Airbnb advise removal of certain types of property before letting your premises although there is a security deposit system payable by renters that hosts can implement for certain wear and tear issues.

Airbnb recommends hosts obtain insurance cover for damage caused by guests however, potential hosts should

bear in mind that failure to notify your insurer of your participation in home letting arrangements, which is in effect 'a change in living conditions', could be considered a breach of the insurance contract and as such your policy could be voided, leaving you exposed.

Theft is another issue. Most insurance policy claims require clear evidence of break and enter, so handing over keys and allowing entry may compromise your cover. There is also the 'business income' issue of receiving income for letting your property when covered under a domestic insurance policy.

If considering the money-making potential of Airbnb or similar services. A call to your insurance broker should be the first step. ■



Corporate Travel Insurance ... and why you need it

"It was a remote surf break in the Solomon Islands where my friend went face first into a coral head and a long drama unfolded resulting in emergency evacuation and ongoing treatment. He hadn't taken travel insurance but it was a good thing he was travelling with an insurance broker mate who had covered both of them."

— A recent, real incident

Travel insurance can be the greatest thing backing you on a trip. The injured man recovered and without impact to his finances thanks to the Travel insurance policy, something that could save you, hopefully, in less dramatic circumstances.

Our banks and credit unions are now offering travel benefits under their credit cards, but can you feel secure if you have this kind of cover and something unpleasant occurs?

The major drawback of credit card travel insurance is that it plays upon the need these days to make things convenient and to solve problems quickly. It does that but the extent and quality of cover could be better utilised with a Corporate Travel policy, available to an individual or business with an ABN.

There are other travel policies available but in this case, we'll look at Corporate Travel insurance vs. Credit Card Travel insurance.

There are now many credit cards that include travel cover. These are usually reserved for premium cardholders and while too numerous to focus on as details vary from brand to brand, the main issues to be aware of are these:

- The card must be used to pay for the total travel fares for the cover to be validated
- Restricted cancellation cover
- Pre-existing conditions may be excluded
- The cost of the travel benefits may involve higher credit card fees

Corporate Travel insurance is competitively priced and tax deductible.

The benefits are usually higher allowing for leisure travel extensions that include family members. Importantly, death cover and kidnap and political evacuation cover are included.

This may seem unnecessary to some, but consider favourite holiday destinations that have been targeted by terror acts; New York, London, Bali, Thailand and India.

If a staff member was involved in an incident, it certainly helps any communication with family and fellow concerned workers when you know what the cover includes and what policy benefits are available to get them home safe.

Having cover as soon as you book the ticket is also important in case of cancellations or delay costs are incurred – all covered by your Corporate Travel cover.

There are varying types of travel cover and the business should consider this product. If not, make sure you have some personal travel cover in some shape or form to be able to enjoy your holiday and business trips. Volcanic ash clouds do happen! ■



Third Industrial Revolution

EMERGING RISKS

As technology is converging with software, robots, raw materials and manufacturing revolutionising the way products are delivered to the end user; 3D printing is being touted as the Third Industrial Revolution.

In the very near future we will see a paradigm shift from mass manufacturing to bespoke orders. Until recently, all products were manufactured by assembling parts together. Now you can manufacture many of those same products in one piece, using a 3D printer. 3D printers are being used to manufacture parts in aircraft, medical and other industries.

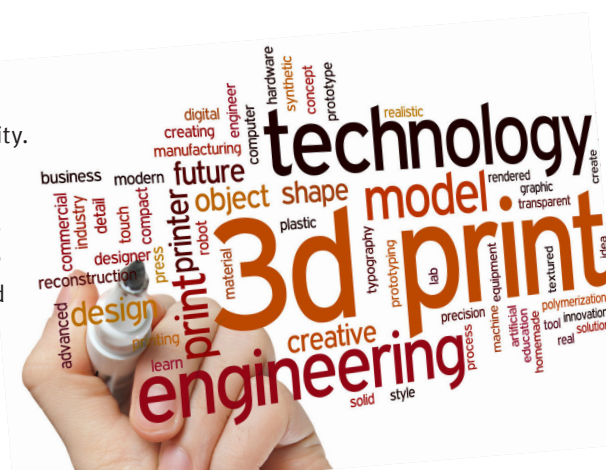
Insurers are preparing for a host of coverage issues including product liability, intellectual property claims and other concerns as 3D printers become more advanced and available.

With 3D printing, the blame for a faulty product can either lie with the 3D modelling software, the 3D printer or even the operator of the 3D printer. Problems that can arise may stem from using unsuitable materials, as well as added complications with tracing the liability of fault in a 3D printed product. And it is this liability – when does it start and when does it end, or if it ever does – that is troubling the insurance industry. With a 3D printer, almost any business or hobbyist can become a manufacturer overnight. Due to this, demarcation lines are likely to become blurred especially around product liability.

Like many of the ‘emerging risks’, such as share riding, driverless cars etcetera, that we are now encountering on a more frequent basis, current liability laws and in particular existing Products Liability laws may not be suitable to deal with

the risks that 3D printing present. If you are utilising 3D printing or any of these new ‘emerging risks’ you should check to see if your existing Public & Products Liability Policy provides the necessary coverage and will respond to claims as a consequence of these ‘emerging risks’.

Your insurance broker can assist with cover and advice. ■



High-Density Living

UNDERSTAND THE PITFALLS

More than 3.2 million Australians live in high-density housing with this figure tipped to increase by another million over the next decade.

For those Australians currently enjoying a love affair with high-density housing, the Community & Strata Titled ownership landscape is changing and it's important to understand how it's changing and the likely impact on unit owners.

We have seen the size and scale of new developments grow as land becomes more expensive and the developers need to increase the density of these complexes to maximize the return on their investment.

There has been a dramatic increase in the number and size of defects arising from new buildings over the past decade. A 2012 study by City Futures Research Centre found that 85% of buildings

constructed since 2000 reported defects such as water ingress (outside to internal), cracks in walls (internal & external), roofing and guttering faults, tiling problems and internal leaks (bathrooms). Of the reported defects, 75% have not been rectified and in some cases, the original builder is no longer operating. It is believed that this trend has been exacerbated due to the increase in properties purchased ‘off the plan’ and the quality of workmanship suffered once the sale had been made.

There have also been quite a few examples recently where highly designed and engineered properties have sustained exaggerated losses due to the use of certain building materials, construction defects or because of non-compliance to building codes at the time of construction.

Increased regulation of Strata Schemes management is likely. The NSW parliament

recently introduced strata laws that are about to make life a little harder for everyone: developers, bodies corporate and strata managers alike. Proposed changes include new accountabilities for strata managing agents, a new democratic process for the sale and renewal of strata schemes and a new process for ensuring building defects are addressed quickly. These changes have the potential to affect the level of involvement that strata managers have in the placement of insurance.

It is likely that other state jurisdictions will take the opportunity to review their strata management legislation in the not too distant future. It's a changing landscape and one that will affect a large number of Australians. ■

BIG DATA... or BIG BROTHER?

Have you recently had an experience where you read an article about a particular topic and then immediately saw an advertisement for a product associated with this topic when you logged on to Facebook or other social media? You might think that this is a coincidence. However, in actual fact it's not. Behind this science is what's known as BIG DATA.

The term Big Data usually refers to any large structured or unstructured data source that can be collected, organised and analysed to produce business intelligence. While the advancement of technology and proliferation of the internet has always enabled businesses to perform data analytics, the difference with Big Data is the volume, velocity and variety of the data available, which leads to data in a more digestible form in 'real time' and which might assist businesses in making more informed and confident decisions.

For marketers, Big Data has the potential to capture information about target customers with an accuracy and level of detail unfathomable only a decade ago.

For insurers, Big Data represents opportunities to use a greater number of resources, particularly external resources, to capture information about the individual risk profile of a policy holder that might be more in-depth than traditional methods of data analytics. It can also enhance other functions such as insights into customer behaviour and buying habits, marketing distribution, claims management and fraud detection.

The flow on effect from the ability to understand and predict risk is the likely reduction of loss.

So where does Big Data come from and how is it accessed? Big Data can come from a huge number of sources, including consumer behaviour data, credit information, geospatial data and social media, just to name a few.

There are currently a vast number of Big Data analytics tools available on the market and it is crucial to evaluate the potential business value that each tool can offer, in the context of the long-term objectives of the business.

Further, Big Data does have its limitations because the data is only as effective as its users enable it to be. The data can only suggest trends, validate claims and reduce uncertainty of human error in decision-making. It is still the human decisions that keeps the wheel turning and in order for Big Data to have its full impact, businesses will need to employ the right of kind of staff with appropriate technical skills to take advantage of the potential opportunities that Big Data analytics can present for them.

In summary, while Big Data can revolutionise the way that businesses do business, at the end of the day it is still data analytics and requires human input for its success. Saying that, Big Data seems to be the way of the future and for those businesses that are prepared to embrace it, the result might revolutionise the way the business operates and open up new opportunities that were not previously available. ■

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

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

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Wise.words

from Mary Kay Ash,
founder of Mary Kay Cosmetics

"Pretend that every single person you meet has a sign around his or her neck that says, 'Make me feel important.' Not only will you succeed in sales, you will succeed in life."

"A company is only as good as the people it keeps."

"Sandwich every bit of criticism between two layers of praise."

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