

NEWSLETTER

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Markey team wins “top fundraiser” at 2010 Relay for Life event

Welcome to another exciting year! I, and the team at Markey, hope you had a very safe, happy and healthy Christmas, and you are all rested ready for 2011.

As we reflect back on 2010, we saw a relatively stable year on the insurance pricing front with the industry continuing to provide plenty of capacity which is always good for our clients. We saw a strong trend in contracts our clients are being asked to sign where the contractual obligations threaten the integrity of insurance covers and how they will or will not respond. Please see our last newsletter on our website for more information on this topic. We have also seen an increase in issues relating to contract workers and we provide some insight on this subject in this issue.

We are proud to advise our team in the Newcastle “Relay for Life” event held in November won the Top Fundraiser award raising \$13,400! We were overwhelmed by the support from our suppliers, clients and friends. Newcastle really is a strong and proud community.

We hope you enjoy our first newsletter for 2011, and are looking forward to working with you again this year to provide you with quality and professional advice on your risk management. May 2011 be a very successful year for you, thank you for your ongoing support.

Stephen Markey
Managing Director



My Business is Your Business

Diamond IT recently hosted the Hunter Business Chamber’s My Business is Your Business networking event. Diamond IT invited Markey to be a partner in the event, and it was a great opportunity to share different business ideas and objectives. The event enabled Markey to discuss the importance of insurance for directors, which could help in situations like the recent David Jones lawsuit. Contact your Markey broker if you would like any further information on insurance cover for your company and its directors.

Protecting your Home with Income Protection



Income protection insurance protects you against the sudden loss of your income. Without it, you may not be able to meet your home loan payment obligations resulting in the loss of your home.

Most of us understand the need to have car, house and health insurance, but overlook the most important one – income protection insurance.

If you became ill or injured and could not work for 12 months or longer, could your family survive on your savings? Most could not, unfortunately.

If your primary income is from your personal exertion, then you should consider this type of insurance.

What features should I beware of in an income protection policy?

Make sure the policy you choose has a broad definition of income and takes into account sources of income such as car allowance and overtime. If you’re self-employed, you need to be able to cover the running of your business as well as your salary. Ideally, a policy will also reflect increases in income in line with inflation. Also make sure the policy is “guaranteed renewable”. This means that the insurer must renew the policy if requested by the insured, but there is no guarantee on the premium which will be charged. Also, make sure you are happy with the policy’s “Benefit Period” and “Waiting Periods”.

The benefit period is the amount of time that the claimant will receive income supplement benefits. The longer the benefit period, the higher the premium. The most commonly offered benefit periods are 2 or 5 years, or until age 60 or age 65.

The waiting period is the minimum number of days the insured person is unable to work before his income protection insurance policy payments start. The longer the waiting period, the lower the premiums. The most commonly offered waiting periods are 14 days, 30 days, 2 months, 3 months, 6 months, 12 months or 24 months. As per any agreement, make sure you read the terms and conditions and understand exactly how they apply.

Please contact one of our advisers to discuss further on (02) 4925 6555.

Swinging for a good cause



Dr Kathryn Skelding, Dr Nicole Verrills and Professor John Rostas were the recipients of the Markey Insurance Charity Golf Day Breast Cancer Research Grant.

The grant was announced at the HMRI's annual awards night held to present a range of research grants and awards to its team of researchers.

Their study will investigate an exciting and previously unidentified mechanism for controlling the growth of breast cancer cells.

Markey is very proud to contribute to cancer research and it is through grants such as this that researchers can further develop and improve current treatments. Thank you to all of our clients and supporters who participated in the 2010 Golf Day.

Our 2011 Charity Golf Day will be held on 25 March, so keep your eye out for the invitation – we are looking forward to another successful year.

How closely do you manage your CONTRACT WORKERS?...

The use of 'contract workers' such as contractors, sub-contractors, or supplied labour is often a necessary part of doing business as you try to keep important deadlines and remain competitive. This type of engagement however, can be fraught with danger for your business.

A 'contract worker' is defined as any person who is not an employee of your business, but who has been engaged to perform work on behalf of or for the benefit of your business, such as labour hire personnel, a contract delivery driver, another person or business engaged by you for their expertise.

There are risks

1. Risks associated with personal injury to the contract worker or their direct employee.

A contract worker is **likely** to be considered an 'employee' (under NSW Workcover Legislation) if:

- They predominantly work for your business.
- They are not incorporated.
- A minimal capital outlay is required – all tools & equipment/vehicle are supplied by you.
- They work under direct supervision and instruction from you.

A contract worker is **unlikely** to be considered an 'employee' (under NSW Workcover Legislation) if:

- They are incorporated.
- They are not incorporated but they do have their own employees and carry a Workers Compensation policy in respect of those employees.
- They are an employee of a labour hire firm.
- They bear the commercial risk for all of the work performed and any injury which occurs to them.

2. Risks associated with using 'Labour Hire' personnel.

Employees of labour hire firms are usually covered by a Workers Compensation policy effected by their employer. If however, their injury arises out of a breach of duty of care by you or one of your employees, their Workers Compensation insurer is likely to seek recovery of their costs from you. This becomes an increased exposure under your Public Liability Insurance.

3. Risks arising from the work actually performed by the contract worker or their employee.

The work performed by, and the activities of, a contract worker is first and foremost an exposure to YOUR business. In the majority of cases, the contract worker is a representative of your business and becomes part of the relationship with your customer. If you do not ensure that a contract worker carries their own Public & Product Liability insurance, you may be required to call upon your own insurance to cover their liabilities.

Why is it important to manage your contract workers?

- Most Insurers consider the use of contract workers to represent additional risk to your business. Therefore you must declare these workers to your Insurers, as well as the nature of their activities and the amounts paid to them for their services.
- A Public Liability contract of insurance generally does not automatically provide cover for the activities of contract workers.
- If you fail to obtain written evidence of insurances held by a contract worker, and it transpires that they have not effected their own insurance, you could be held liable for their injuries or for the work they perform.
- You may face actions by Statutory Authorities for failing to provide a safe workplace under the Occupational Health & Safety Act.

Recommendations

- The terms under which you use contract workers should always be in writing. Ensure that the requirements and obligations of each party are clear and encompass the insurance requirements of each party.
- Obtain legal advice prior to finalising such written contracts.
- Provide copies of such written contracts to your insurance advisors
- Ensure that you obtain written evidence of contract worker insurances on an annual basis.
- Obtain advice from your insurance broker advisors regarding the use of non-incorporated contract workers and whether they should be declared under your Workers Compensation insurance.
- Ensure that contract workers carry their own Public Liability insurance, which nominates your business as a named Principal, and has a limit of indemnity equal to your policy limits.
- Ensure that your insurance broker understand the nature of your relationship with contract workers and provide them with copies of all contracts entered into.



For more information please call 4925 6555 or visit our website www.markeygroup.com.au

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