



## Welcome

Dear Reader,

Welcome to the March–April edition of *Insurance Insight*.

Although we are coming to the end of the natural disaster season (November to April), winter conditions are setting in across the south of the country while the north is in the midst of ‘the wet season’. North Queensland is turning from response to recovery following at least a third of the state suffering majoring flooding. So as we head into autumn and wet weather, it’s a timely reminder to check that your property insurance is up-to-date.

When a ‘freak’ storm hit the Goldfields in WA late last year, residents and businesses in Kalgoorlie and Kambalda suffered a number of property losses and business interruption. Our Kalgoorlie office team sprang into action and helped lodge more than 140 insurance claims. Read more in the following story.

In this edition we also look at the New Payments Platform that is rolling out across the country and the heightened risk of business email compromise. With payments fraud being one of the fastest-growing cybercrimes, it is important for businesses to be prepared for the possible increase in cyber fraud attempts as criminals look to exploit instant funds transfers.

We would like to take this opportunity to welcome Lyndall Mitchell to our team as National Relationship Manager – Broking. Lyndall is based in our Perth office and is working closely with our Executive General Manager, Ryan Cameron, to progress and manage our business development plans nationally.

We welcome your feedback and invite you to **contact us** to discuss the risks in your business.

On behalf of everyone at EBM, we wish you a happy and safe Easter!

**Ward Dedman, Managing Director (Group Operations)**  
**Steve Sparkes, Managing Director (Corporate Broking)**

## **Fraudsters get their comeuppance.**

Trying to commit insurance fraud is always foolhardy, just ask these would-be fraudsters:

- A tram driver in Boston (USA) was indicted on two counts of insurance fraud and single counts of workers' compensation fraud, misleading police and perjury after he was found to have paid a friend US\$2,000 to attack him on Halloween. His friend, dressed as a pumpkin, pulled him from his tram and repeatedly punched him. The driver filed for workers' compensation and received long-term disability insurance – but the fraud came unstuck when the pumpkin suit was recovered and fingerprints led to the alleged assailant.
- A Perth man was charged with creating false belief and attempting to gain benefit by fraud after allegedly faking a two-hour car-jacking ordeal in order to claim an insurance payout. The man said he was held at knife-point and forced to drive around until his attacker kicked him out of his vehicle. The man filed an insurance claim. After police examined the abandoned vehicle they concluded the incident did not take place and laid charges.
- Another Perth man has been sentenced to 10 years' jail after orchestrating an arson attack on a historic hotel in order to receive an insurance payout. The deliberately lit fire caused \$1.5 million in damages to the hotel and the owners attempted to make an insurance claim but, when suspicions were raised, the arson plot was revealed.
- A Queensland man has been sentenced to 27 years' jail after murdering his father for insurance money. After taking out three life insurance policies on his father totalling \$2.5 million, the son first staged a home invasion and inflicted serious injuries on his father who survived the ordeal. The son's second attempt at murder for financial gain was sadly successful but led to his arrest.
- A Sydney man has been denied a \$500,000 insurance payout after it was discovered that his friend was responsible for setting the fire that destroyed his investment property. After his insurer refused to pay his claim and alleged that there was evidence that the man's friend lit the fire, the property owner sued his insurer – which was unsuccessful when the courts found that he knowingly consented to the fire being lit.
- An insurance fraud ring was uncovered in Las Vegas and resulted in charges being laid against 24 individuals. The 24 are alleged to have conspired to stage no less than 19 auto accidents and four thefts in order to obtain insurance benefits. The ring filed 23 insurance claims but the plot was uncovered by police and 68 felony charges have been laid against the participants.

## **WORKCOVER UPDATES**

### **icare New South Wales**

#### **Claim lodgement update for New South Wales employers**

A reminder that any new injury notification received after 1 January 2018 must be lodged with Employers Mutual Limited (EML). All other existing open workers' compensation claims currently with EML, Allianz and GIO will continue to be managed by the assigned insurer.

#### **Update for NSW employers**

In NSW, the maximum weekly compensation amount is capped and indexed in April and October.

The maximum amount has been revised to \$2,128.50 gross per week, from 1 April 2018 to 30 September 2018. For further information on indexation, or for any other workers' compensation queries, please contact Frances Cook in our Sydney office on 02 9276 6999 or email [francesc@ebm.com.au](mailto:francesc@ebm.com.au).

#### **CORRECTION: New South Wales Workers' Compensation**

In New South Wales the maximum weekly compensation amount is capped and indexed in April and October.

In the October 2017 edition an incorrect figure for the maximum weekly compensation amount was published. We apologise for any confusion this may have caused.

The maximum amount applicable for the period 1 October 2017 to 31 March 2018 is \$2,101.70 gross per week.

#### **EBM's specialist Workers' Compensation and Injury Management team**

EBM can assist you with every aspect of your workers' compensation and injury management policy, please [contact us](#) to see how we can help.

## **SUPER CELL STORM RESPONSE**

When a once-in-a-lifetime 'super cell thunderstorm' smashed into WA's Goldfields, EBM's Kalgoorlie team swung into action supporting traumatised clients and dealing with disaster arrangements on their clients' behalf.



### **EBM team rises to catastrophic insurance event challenge**

Rudyard Kipling once wrote that one of life's true tests is to "keep your head when all about you are losing theirs".

For our Regional Manager Natalie Wasiun, and EBM's Goldfields team, that idea was vividly illustrated after a 'super cell' thunderstorm hit Kalgoorlie and Kambalda in WA with little warning on a Saturday afternoon in November last year.

Two thousand street trees were torn out of the ground in Kalgoorlie by destructive winds which peaked at 107 kilometres an hour and heavy rain.

More than 170 powerlines were brought down leaving 14,000 homes and businesses in the dark – some for six days. Hailstones the size of cricket balls smashed through rooves in nearby Kambalda.

Natalie's family have lived in the Goldfields for decades and she agreed with City of Kalgoorlie-Boulder Mayor John Bowler, also a lifelong resident, who told media he'd never seen anything like it.

She arrived at work on the Monday morning to find clients who could not go back to their wrecked homes, waiting at the front door of the EBM office in the wake of what was classified by insurers as a 'catastrophic event'.

EBM's Kalgoorlie staff worked closely with Insurers and Crawford Assessors – the latter having flown a team in from Perth to quickly get to sites and start verifying and quantifying claims – with over 100 claims being received by EBM in the first two working days after the violent weather. Forty additional claims came through over the following weeks.

"It was like a war zone", said Natalie. "The first task was just to calm people down and assure them we would get their claims settled quickly –and we would get it fixed for them.

"When an event like this occurs it can be very daunting for people confronted with such devastation. It is really important to have a broker who can deal with the insurers, get claims lodged and assessments under way, and quickly get emergency repairs happening.

"Having that personal touch provided by a local broker makes a big difference for clients."

Local contractors were run off their feet making storm repairs, so an immediate priority for Natalie and her team was getting tradesmen from Perth to fix fencing around swimming pools which had been crushed by falling trees, posing live public safety risks.

There were claims for business interruption and loss of income, and motor vehicles hit by the downed trees or hailstones had to be written off and quickly replaced.

About half the claims were for food spoilage. This created an urgent need for the EBM team to secure the release of funds for local fast food restaurants and cafes which had lost power to freezers and refrigerators and needed to buy new stock to resume serving customers.

Finding and paying for emergency accommodation for clients whose homes were uninhabitable was another priority.

“Many homes in Kambalda which were extensively damaged were built in the 1960s from asbestos and specialised contractors were needed to make repairs. Some clients will be out of their homes for up to six months but EBM worked with their insurers to make suitable arrangements,” Natalie said.

“This has been a vivid illustration of the benefits of having a broker to make sure the right insurances are in place, and then being able to mobilise quickly and provide practical help when action is needed most.”



*Caption: The storm lasted only 15 minutes, but the damage was widespread. Hundreds of cars were crushed under uprooted trees, while houses bore the brunt of 107 km/h winds.*



**“I’d never seen anything like it.”**

Jayson Cappello spends his days working in icy conditions as the owner of Goldfields Ice Works, but even he was not prepared for the storm that battered the town, bringing with it howling winds, pelting rain and hail.

“There was no warning the storm was coming,” Jayson recalled.

“I was using the forklift when the rain started so I thought I’d better take it inside. Then I heard a huge bang and the storm really hit. I couldn’t go back outside as there was stuff flying around everywhere.

“We got a bit of hail but nothing like in Kambalda. It was mainly the wind and rain that came through and bowled over trees and powerlines.”

Although the storm front only lasted a few minutes, when Jason emerged from the company’s premises in Hannan Street, he was confronted by the carnage the ferocious wind had left behind.

“The wind had come in under some of the solar panels and ripped them off the roof. As they came down they damaged the guttering along the side of the factory,” Jayson said.

In addition to the damage to around 17 solar panels and the guttering, one of his motors fused, bringing the damage bill in at around \$48,000.

“EBM was great. As soon as I called and told them what had happened, they started the claims process. They were on the phone to the insurer and all I had to do was send the quotes for the repairs and EBM took care of the rest.

“Which is just what you want. You don’t want to be stuck on the phone to the insurer trying to sort it all out. The broker does all that and you can get on with running your business.”



*Caption: At least 17 solar panels were blown off the roof of the Goldfields Ice Works, contributing \$44K to the insurance claim.*

## INSTANT FRAUD

With the New Payments Platform being rolled out across Australia, businesses need to be alert to the likely risk of increased business email compromise.

### Will faster bank transfers lead to even more payment fraud?

Financial institutions across Australia have begun rolling out the New Payments Platform (NPP), which will see people sending each other money in 'real time'. Australia joins 19 other countries around the globe that now offer real-time payments, with the UK, Switzerland, Denmark, Singapore and India leading the way.

Customers of 13 financial institutions – including the big four banks and a number of smaller credit unions and mutuals associated with those banks – will be able to access the NPP. But while the \$1 billion RBA-managed NPP promises greater convenience for customers and businesses, switching to real-time payments could also see a rise in cyber fraud. The Bank of International Settlements has warned that real-time payments “may be a more attractive target for fraud than traditional retail payments” and the latest RBA economist survey by finder.com.au found 77 per cent of panellists considered fraud a legitimate concern of the NPP.

With the instant payment platform (where funds settle instantly), banks (and businesses' accounts departments) will have less time to check for fraudulent transactions and stop those payments that appear suspicious. This was the experience in the UK when the real-time payments platform, Faster Payments, was introduced in 2008. What followed was a series of frauds, with Financial Fraud Action UK reporting online banking fraud jumped 132 per cent the year Faster Payments was introduced. In the first half of 2017 alone, 19,000 victims lost £100 million in scams using the 'authorised push payments' platform.

Under the terms and conditions issued by one of the NPP-participating financial institutions, banks are not liable for losses that are a result of you giving the wrong account information and once you have given a transfer instruction and it is accepted by your bank, the transfer is irrevocable. This also applies if you were fraudulently induced to make a transfer via the NPP.

While the NPP has learned from the real-time payment experiences in other countries and has introduced a number of safeguards to lower the risk of fraudulent or accidental payments (such as enabling the sender to confirm the name of the recipient before finalising payment), it warns that most fraud is the result of “old-fashioned trickery to deceive people into parting with their money”.

In particular, the incidence of business email compromise (BEC) could soar. BEC – a form of email fraud that uses social engineering to impersonate trusted identities and trick people into sending money or valuable information – has become one of the most lucrative forms of cybercrime. Figures from the Australian Cybercrime Online Reporting Network (ACORN) suggested that Australian businesses had lost more than \$20 million due to BEC attacks during 2016-17 – up from \$8.6 million the year before. And a survey commissioned by Proofpoint in 2016 revealed 90 per cent of Australian businesses had been targeted by email fraud, and 46 per cent had been subject to more than 10 attack attempts.

BEC (also sometimes referred to as 'CEO Fraud') sees malicious actors targeting human weaknesses and the trust employees place in email communication. Typically, the fraudster takes on a trusted identity within the business or impersonates a third party relationship,



such as a business partner or vendor. They send an email asking for an often-urgent request to pay a supplier, make a wire transfer or send confidential information to be actioned. Nearly 10 per cent of all BEC messages use a fake chain of emails or fabricated conversation history to appear credible and imitate a realistic experience.

Among all BEC attacks, 54 per cent spoof trusted domains, making it look like the email comes from within the organisation they are seeking to exploit. The second most popular technique (45 per cent of cases) is display name spoofing, which uses a 'header from' name of someone within the organisation. Lookalike domain spoofing and partner spoofing are also tactics used to make the attacks appear credible to the victim.

And while many people think that only big businesses are targeted by BEC, the fact is that SMEs are prime targets. In many cases SMEs do not have all the necessary controls in place, such as separation of duties when entering and approving invoices and authorising payments, that larger corporations employ. The fraudsters exploit these internal controls that rely on trust. According to Beazley's *2018 Breach Briefing*, 55 per cent of the businesses impacted by BEC in 2017 were SMEs and 45 per cent were middle-market organisations.

What can businesses do to limit the risk of falling victim to BEC attacks? Implement systems, procedures and processes that promote a sound internal and external control environment to minimise the risk of payments fraud:

- Use multifactor authentication for any release of sensitive data or funds.
- Install anti-spam, anti-virus and malware detection. Implement a solution that detects advanced and evasive keylogging and other malware used by BEC.
- Confirm any request for payments, transfers etc. directly with the requester (in person, via phone or by creating a new email and sending to the address stored in your system – never replying to the email received).
- Use email authentication such as Domain-based Message Authentication, Reporting and Conformance (DMARC) which ensures legitimate emails are properly authenticated against established DomainKeys Identified Mail (DKIM) and Sender Policy Framework (SPF) standards, and that fraudulent activity spoofing domains under your business's control are blocked.
- Use an email security solution that can flag certain keywords that are commonly used in BEC attacks, such as "payment" (found in 30 per cent of BEC attacks), "urgent" (21 per cent) or "request" (21 per cent).
- Identify and block emails from lookalike domains (e.g. www.ato.g0v.au). You can also register all domain names similar to your company name to help combat typosquatting.
- Analyse the content and context of email messages. Look at the subject lines, body, sender and receiver reputations and relationship history to help validate the message.
- Employ data loss protections, such as setting policies around employee personally identifiable information (PII) and other critical data.
- Train employees to recognise phishing emails and scams. Remind those paying accounts/transferring monies that account credentials and passwords should never be provided in response to emails but rather should be entered directly inside bank apps or internet banking.

Business owners should [speak with their EBM Account Manager](#) about the types of insurance covers that may protect their business against BEC and other cyber and financial frauds.

## FINANCIAL PLANNING

A new survey reveals baby boomers are in a panic about retirement. Unless they want to work 'til they drop, it's time for the 50-somethings to get their financial house in order.

### No regrets – not likely for many baby boomers nearing retirement



Many baby boomers (those born between 1946 and 1964) are already living in retirement while others have less than a decade before they reach the pension age of 65½ (or up to 67 if retiring after July 2023 and possibly 70 by 2035 if the Government's proposal is accepted).

But the reality is that there are many lifestyle factors which are impacting retirement plans: we have better access to health care and many are living longer (with the very real prospect that they will outlive their retirement savings); household debts are at record highs and many will still have mortgages and other significant financial commitments to service in their sixties and beyond; the cost of living is increasing; some may still have grown children at home or provide childcare for grandchildren; some may have elderly parents they need to care for; and many have become accustomed to the good life they worked hard to achieve – enjoying holidays, fine food and wine and having all the latest toys (boats, caravans, holiday houses, connected homes, the latest tech etc.).

Factor in the Government's constant drive to tighten the belt when it comes to the aged pension and the seemingly endless changes to superannuation rules (including a raft that came into effect at the start of FY18) and there's little wonder baby boomers are worried about funding retirement.

Research commissioned by *The West Australian* and conducted by CoreData<sup>1</sup> found the idea of being a self-funded retiree was a pipedream for many, with 67.7 per cent expecting to rely on the aged pension.<sup>2</sup>

The survey found the amount of super seniors think they will need, at age 65, to maintain their desired lifestyle was far more than they have. Men expect to need \$789,195, which is more than double what most males have in their super, and women expect to need \$740,315, which is more than five times the mean balance for females aged 60-64.<sup>3</sup> As a result of the short-fall, 70.3 per cent plan to keep working (with one in five expecting to work part-time for more than 20 hours per week) after age 65. Interestingly (and possibly a little delusional given the current and foreseeable economic conditions), 73.9 per cent said their kids should look after them in old age.

It was also revealed that just 6.2 per cent of pre-retirees felt very prepared and more than one in five weren't prepared at all for retirement. Of those already retired, 42.1 per cent would have done things differently in the lead-up to retirement – including retiring earlier or later, contributing more to super or seeking financial advice.

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<sup>1</sup> The Retiree's Voice survey was conducted in October 2017 with 5,500 West Australians aged over 55 taking part.

<sup>2</sup> In September 2017, the maximum fortnightly pension rate was \$814 for a single person and \$1,227.20 for a couple combined.

<sup>3</sup> The Association of Superannuation Funds of Australia (ASFA) estimates that an individual would need a minimum \$43,695 per annum or \$840 per week and a couple \$60,063 per annum or \$1,155 per week to enjoy a 'comfortable' lifestyle in retirement. This figure assumes the retiree will be entitled to a part pension, owns their own home and is relatively healthy – it is based on people retiring at age 65 and living to 85 (average life expectancy). ASFA's definition of a 'comfortable' retirement lifestyle is one that "enables an older, healthy retiree to be involved in a broad range of leisure and recreational activities and to have a good standard of living through the purchase of such things as: household goods, private health insurance, a reasonable car, good clothes, a range of electronic equipment, and domestic and occasionally international holiday travel".

Despite the somewhat dire picture that the survey results paint, baby boomers nearing retirement can take more control over their financial futures.

#### Understand your financial situation

- What assets (house, savings, investments) do you have and what are they valued at?
- What are the tax and pension implications of capitalising on or holding these assets?
- What are your outstanding debt liabilities, how much do you owe and when do these need to be repaid?
- How much super do you have and when can you access it?
- Are you likely to be eligible for a government pension and when could you apply?

#### Envision (and cost) your retirement

- Are you planning on staying in the family home, down-sizing, moving to an over 50s community, becoming a 'grey nomad', or making a sea/tree change?
- Are you likely to need to renovate your home or replace your car etc.?
- Do you plan to travel? (54.6 per cent of the survey respondents said they were looking forward to travelling)
- How will you spend your days (e.g. out with friends, playing tennis/golf, enjoying a new hobby, volunteering etc.) and what will it cost?
- How is your health? Are you likely to need care?
- What are (or likely to be) your family circumstances – are your children at home or needing your financial ('bank of Mum and Dad') or other support such as childcare, do you have elderly parents to care for, are your children in a position to help support you?
- Will you be able to continue paid work in some capacity?

#### Have a retirement financial plan ('running out of money' is the No.1 fear for retirees)

- Consider what you will need in the short, medium and long-term.
- For most, funding retirement will come from one or a combination of these sources:
  - super savings
  - government age pension
  - investments
  - casual income.
- Create strategies to grow your retirement income:
  - boost your super
  - diversify your investments (seek tax advice if you are thinking about divesting assets)
  - manage your spending
  - investigate your entitlements (even if you don't qualify for an age pension you may be eligible for other benefits such as travel concessions, a Seniors' Card, Commonwealth Seniors Health Card, reduced council and utility rates etc.)
  - keep working (there are government incentives to continue working past the pension age) or transition to retirement.

Our [Financial Planners](#) can help you understand your pre- and post-retirement situation, clarify your retirement financial goals and devise strategies to help you effectively fund them.

EBM Financial Planning Pty Ltd is an Authorised Representative of Financial Wisdom Limited ABN 70 006 646 108, AFSL 231138. The advice provided is general in nature. It does not take into account your financial circumstances and objectives. You should consider talking to a financial adviser before making a financial decision.

## **EBM NEWS & EVENTS**

Lyndall Mitchell joins our relationships and business development team in a new national role.

### **Lyndall set to make her mark**

Lyndall Mitchell has been appointed as National Relationship Manager – Broking. She joins EBM after having founded her own insurance broking business in Melbourne, in 2012, and holding positions with BMW Financial Services and Marsh.



Lyndall moved to Perth in late 2016 when her husband, Hawthorn football champion Sam, was recruited to play with the West Coast Eagles. He is now a member of the AFL club's senior coaching staff.

As an ambassador and keynote speaker for one of Hawthorn's major coterie groups, between 2009 and 2016, Lyndall also undertook event planning and helped to manage member sales and recruitment.

During the period she built up her broking business while running a busy household with three young children – Smith, now aged seven, and six-year-old twin girls Emmerson and Scarlett.

Lyndall had originally undertaken early childhood studies at university with the goal of being a kindergarten teacher. Following a two-year working holiday in London and Europe, she returned home in 2001 and took up her first position in the insurance industry, working for a call centre which set a performance target of 25 sales per month – she delivered 92 in her first month and became salesperson of the year!

Sixteen years later, she has cemented her passion for the industry.

"It is a great time to be coming into EBM," said Lyndall. "I am really looking forward to the diverse nature of EBM's clients and further developing our relationships."

While Perth-based, one of Lyndall's key responsibilities will be to promote and enhance greater national alignment between our Broking, RentCover, EBM Financial Planning and EBM Finance businesses and with our key account relationships, partnerships and associations.

"Lyndall will further bolster our client relationships team as we continue to develop our strategy to grow EBM's market presence," said EBM Executive General Manager, Ryan Cameron. "She will also work with our teams to further raise our profile in the market."

## News in brief

### **Australians resolve to save money**

Galaxy research commissioned by iSelect has revealed 40 per cent of respondents were hopeful they could be smarter with money in 2018. Curbing expenditure on unnecessary purchases was cited by 49 per cent as a tactic, while 32 per cent planned to cut back on their energy consumption to lower their bills. A survey from ME Bank also found 26 per cent planned to pay off their mortgage, 23 per cent cited building rainy day savings, another 23 per cent nominated saving for something other than a home, 21 per cent plan to pay off debts, building retirement income was a goal of 19 per cent, getting debt to a manageable level was noted by 15 per cent, while 9 per cent plan to save for a property. Speak to an [EBM Financial Planner](#) about strategies to realise your wealth creation goals.

### **Commonwealth urges states to drop insurance taxes**

The Australian Government has urged Western Australia, Queensland and the Northern Territory to abolish “inefficient stamp duties, strata commissions and other levies on general insurance premiums” in an effort to reduce premiums and combat the risk of under and non-insurance.

### **US\$136 billion in catastrophes**

A report by Willis Tower Watson has noted that catastrophe losses for 2017 topped US\$136 billion, making the year one of the worst on record for the global (re)insurance market.

### **Victorian storms rake up \$378 million in losses**

Figures from the Insurance Council Australia reveal the insured losses from severe storms that hit parts of Victoria on 19 December topped \$378 million. There were more than 49,000 domestic claims and 6,000 commercial claims.

### **Reputation biggest risk of cyber attack**

Global research compiled by the *Harvard Business Review* has found 79 per cent of businesses view reputational damage as the most significant risk from a cyber event. Business interruption (75 per cent) and increased legal and regulatory costs (60 per cent) were also cited as major concerns. Speak to an EBM Account Manager about [Cyber Liability and](#) about how to limit reputational cyber damage.

### **WA looks to modernise workers' compensation**

The WA Government has drafted a Bill to modernise workers' compensation legislation. The Bill includes the implementation of lifetime care and support arrangements for catastrophically injured workers. For all your [Workers' Compensation](#) and [Injury Management](#) needs, talk to our team.

### **Queensland Farmers Federation (QFF) urges stamp duty abolition & SA politicians support crop insurance tax exemption**

The QFF has urged the new agriculture minister to abolish stamp duty on agricultural insurance in the State. The advocacy group argues that the tax drives up the cost of insuring crops and abolition of the tax would help farmers mitigate against natural disasters by making cover more affordable. A tax exemption on multi-peril crop insurance premiums which came into effect on 1 January in South Australia has been backed by the Australian Labor Party, the Liberal Party and SA-BEST party, which indicated the initiative could continue past the March state election. Talk our [FarmCover experts](#) about crop insurance.

### **WA businesses warned of payroll tax scam**

The WA Government has warned businesses that contract their payroll processing function to another company to confirm that they have met their payroll tax obligations following the discovery of a scam. It was found a number of payroll processors are collecting payroll tax revenue on behalf of clients through labour hire agreements but not passing the monies on to the State Government.