

The Edge

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Welcome to Issue 1 of the LMI Group's newsletter. We trust that you find the articles, tips, trips and traps that we provide of use, to give you 'the edge' in your day-to-day work. As you know, we in the LMI Group are loss managers, risk assessors and technical advisers to the insurance and business communities. We have introduced this newsletter to keep you updated as to changes in product wordings (PolicyComparison.com), new publications such as our recently released 'Understanding the ISR Policy', and to provide case examples of decisions or situations that went right...or wrong!...with some of the claims we handle.

Your feedback is very important to us, and so too is your advice as to areas of interest to you that you would like us to cover in future editions. We hope to hear from you soon!

Before leaving you to enjoy your read, if I could take just a moment of your time to thank our editor, Terry Onto, for his invaluable effort and insight.

Please enjoy!

Warm regards
Allan Manning

Paddy was driving down the street in a sweat because he had an important meeting and couldn't find a parking place. Looking up to heaven, he said, "Lord, take pity on me. If you find me a parking place, I will go to Mass every Sunday for the rest of me life and give up me Irish Whiskey". Miraculously, a parking place appeared. Paddy looked up again and said, "Never mind, I found one".

FNQ & YOU

Steve Smith, our new man in Sydney, is leading an LMI Group team in far North Queensland following the damage caused by Cyclone Larry. We are drawing on our extensive resources throughout Australia to assist with claims preparation at all levels, and business interruption especially. Should you or your clients require any assistance, please give us a call. In the first instance, you should contact Steve on 0413 467 417, and he will coordinate the necessary arrangements for you and your client.

BACK TO THE FUTURE ...WITH POLICYCOMPARISON.COM

PolicyComparison.com will be known to many, if not most, of the recipients of this newsletter, but it is worth revisiting the capabilities of this product.

As the name suggests, the prime purpose of Policycomparison.com is to allow direct comparison of same-class products. This line-by-line comparison is of obvious benefit to intermediaries, but also allows underwriters to monitor the standing of their products against their competitors.

We were advised very recently by a subscriber that he was able to protect an existing policy from attack by a financial institution, which was promoting their badged product, largely due to his ability to print a comparison of the two policies and present it to the client. His access to PolicyComparison.com enabled him to do in a matter of minutes, what would have consumed a considerable amount of time had he been required to do the comparison himself and then prepare a presentation. This example illustrates the point that while it is virtually impossible for any single intermediary to maintain an up-to-date comparison of the vast range of competing products in our market, a subscription to PolicyComparison.com allows online access to this vital information in a format ready to incorporate into a professional presentation.

LMI GROUPIES!

We would like to welcome Steve Smith to our Sydney office as loss manager and risk adviser. Steve comes to us after 30 years in the industry, both in claims and underwriting. Most recently, he was the Parramatta manager of a loss adjusting practice.

Also joining us is Meryl Smith, who will be working with the PolicyComparison.com division as a trainer. Meryl will, on request, visit brokers' offices in and around Sydney, providing training on PolicyComparison.com and our new electronic products, PolicyCoach and ContinuityCoach.com.

Welcome to the team, Steve and Meryl.

CONTINUITYCOACH.COM

- Why do you need a Business Continuity Plan?
- IT often leads the way, but it's not enough!
- Doesn't insurance fully protect us?
- Just write a Plan and that will do?

Enter ContinuityCoach.com, a Business Continuity Management System by LMI Group. Full story provided in Issue 2 of The Edge.

WHAT'S NEW AT POLICYCOMPARISON.COM

AUSTRALIA

Updates of the following insurance products have been researched and added to our online database of comparisons, over recent months:

- QBE
- IBNA ,QBE
- Steadfast/Vero
- Insure That
- CGU
- Wesfarmers
- Suncorp
- SUA

Currently, we display 37,188 comparisons from 687 policies, comparing the majority of general insurance product classes.

2006 will see the introduction of a new Rural Insurance Pack suite of comparisons, plus Travel insurance, together with the release of complete reviews for Business Packs, Boat, Motor, Landlords and Strata.

By mid 2006, the entire website will be restructured in design and functionality to incorporate many of the suggestions you have made.

NEW ZEALAND

In 2005, New Zealand's first general insurance policy comparison website was introduced, targeting insurance brokers and general insurers.

In recent months, we have researched comparisons for NZI Home and NZI Clipper Club, which are now available online. Currently, we display 6,000 comparisons from 150 policies, comparing the majority of general insurance product classes.

The tricks and tips feature, which we call Points to Consider, has been extremely successful. Our statistics indicate that it is one of the most popular features of the site. A new project will therefore be undertaken in 2006 involving the revamping of all Points to Consider. Progress updates will be posted in the News area.

Now you're working smarter with PolicyComparison.com! Would your colleagues and friends benefit from these tools? Why not pass along our newsletter or website address... a tool that saves you time, improves your productivity, knowledge and client service is a tool that gives you the edge!

We look forward to your comments and any suggestions you may have. To provide feedback, please use the [Contact Us](#) form online.

TYPICALLY TOPICAL

REMOVAL OF DEBRIS (AS IT APPLIES TO THE ISR POLICY)

Removal of Debris is an area where under-insurance occurs all too often. It is only in the event of a major loss that this generally becomes an issue and, of course, it is at that particular time when a policyholder already has more than enough problems and does not need the extra aggravation of making urgent, immediate and possibly expensive decisions.

The best practical solution is to avoid nominating a sub-limit if this is possible, thereby including removal of debris within the overall Section 1 limit. What you still need to be sure of, however, is that the Section 1 limit makes due allowance for the likely cost of removal of debris. Unfortunately, Insurers prefer a sub-limit to be nominated for Debris, and it is not always possible to work around this issue so easily.

The definition contained in clause (f)(i) of the Indemnity Clause of the Mark IV Advisory and Modified wordings is as follows:

"Subject to the liability of the Insurer(s) not being increased beyond the Limit(s) of Liability already stated herein, the Insurer(s) will also indemnify the Insured for:

"(f) Costs and expenses necessarily and reasonably incurred in respect of:

The removal, storage and/or disposal of debris or the demolition, dismantling, shoring up, propping, underpinning or other temporary repairs consequent upon damage to property insured by this Policy and occasioned by a peril insured against;"

The Mark V Advisory wording refers to debris removal in Section 3.1.5, which reads in part:

"3.1.5.1 The removal, storage and disposal of Debris and of any thing which caused the damage, from the Situation."

The Mark V Modified wording extends the definition with the following words: *"...and the cost of cleaning up at the situation, including the removal, storage and disposal of water and/or other substances used to extinguish or suppress fire or to otherwise minimise the damage"*.

What can be seen from this is that Removal of Debris cover is far more extensive than simply removing fire debris. It extends also to demolition, dismantling, shoring and propping up, and any other temporary repairs required. What this means, of course, is that the sum insured equally needs to take account of the likely costs of these extra items. This can also include the cost of removing fire-water. If that water is contaminated, by chemicals for instance, the cost can rise exponentially. Many years ago, a major fire occurred in the storage facility of a transport depot, and 9 megalitres of contaminated fire-water had to be disposed of at a cost of \$1 million plus. Today's cost for a similar project would be more than double that figure.

In subsequent newsletters, we will expand on some of the above considerations, and will also include additional topics relevant to this item. If you have any particular concerns or issues you would like us to comment on please let us know and we will do our best to include those matters in our discussion of this topic.