

INSIDE THIS EDITION

- » Full steam ahead at Stellar
- » Single touch payroll
- » Insurance and the gig economy
- » Airbnb fast facts
- » What is Premium Funding?
- » How does the Queensland Smoke Alarm Laws affect you?
- » Wise Words

It's full steam ahead at Stellar Insurance Brokers!

We welcome back Mike from his long-awaited Sicilian holiday which he enjoyed for four glorious weeks soaking up the Italian sun and enjoying some authentic Sicilian cuisine while sipping on freshly brewed Italian coffee and Aperol Spritz. His trip was originally planned in April last year, rescheduled again for the September and then finally re-booked for April this year and nothing was going to stop him this time around!

In April as Mike departed, we welcomed aboard our newest team member, Hannah Dowell, who has joined our team in a Broker Support role. Hannah is new to the insurance industry and is still very much learning the ropes and will commence her insurance studies in the coming months.

Keeping in with our family business, Hannah is actually Kirsty's sister-in-law, and has settled in nicely within the team.

We are also excited to announce that we have re-launched our Referral Rewards Program for our clients which kicked off on 1 May 2019. We will be running 3 draws per year, from May 1 – August 31; September 1 – December 31; and January 1 – April 30 with a prize of \$1,000 Cash for each draw! To gain an entry into the draw, all you need to do is simply provide us with a commercial referral/lead which results in us being



able to meet with and/or discuss their insurance requirements. You will receive one entry for every lead you refer – so the more you refer, the higher your chances are of winning!

Single touch payroll is here

Single Touch Payroll is here...are you ready?

The biggest change to payroll in history is here and compulsory for businesses with 19 or fewer employees.

What is it?

Single Touch payroll (STP) is an ATO compliance regulation which requires employers to send employee payroll information, including salary, wages, PAYG withholding and superannuation to the ATO at the same time as their standard pay run.

Why is it happening?

The government likes STP for a number of reasons.

- It's a much more efficient way to operate the taxation system.
- It will make the black economy more difficult...at least in theory...because the ATO

will know who is being paid, how much they're being paid and when.

What are the benefits?

The ATO will be able to pre-fill the BAS for employers, eliminating errors and double handling. Online access to Payment Summaries means that employers no longer have to provide Payment summaries at the end of the year, as the ATO will already have this information.

What's the scale of this?

ABS data reveals that there are approximately 782,000 businesses with 19 or fewer employees in Australia...about 37 per cent of all Australian businesses.

What are the concerns?

Worries range from businesses not being aware of the changes to some employers not even

having digital payroll software.

A lot of small businesses are struggling to come to grips with why the change is needed.

What's the ATO approach?

The ATO has said that they weren't interested in cracking the whip to ensure short-term compliance and are instead taking a long-term view, but they certainly want to bring all businesses into the digital world.

What's the solution?

A number of third party software providers have introduced low cost solutions for micro-businesses, while larger businesses should have already have updated software to deal with the changes.

Insurance issues arising in the gig economy

What is the gig economy?

'Gig' is a slang term referring to a 'job for a specified period of time' and harks back to when musicians were engaged for a performance or a 'gig'.

The gig economy refers to the growing trend towards freelance or contract workers, as well as the share economy of resources such as property and equipment.

In the US, almost 30 per cent of the workforce now participate in the gig economy. That is expected to grow to 50 per cent by 2027.

Some highly recognisable examples of the gig economy at work are:

- Uber and Lyft - ride sharing
- Airbnb - accommodation sharing
- Airtasker - task sharing
- Dozr - construction equipment sharing

The gig economy is clearly the way of the future. This poses both challenges and opportunities in the corporate and insurance worlds in terms of how best to classify, assign and transfer risk in these 'non traditional' employment and commercial relationships.

What are some of the risks emerging from the gig economy?

The risks that have already emerged with some prevalence from the gig economy include:

1. Who insures the workers?

It remains unclear who insures gig workers in various scenarios. For instance, if an

Uber driver is involved in an accident, who insures that driver for compensation and damages arising from any personal injuries sustained? There have been different judicial approaches to this issue in various jurisdictions and situations. This gives rise to great uncertainty for both the drivers and the corporation.

In another example, who insures an Airtasker worker who suffers injury when attending a domestic home to perform a contracted task? Airtasker eschews responsibility. The homeowner's public liability cover (an extension to home and contents insurance) excludes claims by workers. The homeowner may have direct liability to the Airtasker worker, unless another insurance solution can be found.

2. Who insures the work performed?

A similar issue arises for consideration about who insures for the negligence of gig workers. If you are engaging with a freelancer who does not hold appropriate insurance cover, you may not have recourse against an insurer (and its deep pockets) in the event the gig worker causes loss and damage.

3. Who insures the property?

A standard insurance policy wording may not cover property that is 'hired out' via a platform such as Airbnb or Dozr. Again, the platforms Airbnb and Dozr see their purpose as 'connecting supply with demand' and exclude liability. This creates a few issues for the property owner namely:

- Are they covered if the hirer causes damage to their property?
- Are they covered if the hirer suffers property damage, personal injury, loss or other damage arising from the hire of the property?

How can insurance help?

In some instances, the new and emerging risks arising from the gig economy can be assigned through properly drafted contracts and agreements that clearly spell out where the liability (and the obligation to insure) falls.

However, some of the risks identified above will not be covered by standard or traditional insurance policies.

New products providing coverage directed at the gig economy are constantly being developed. This may otherwise be achieved by amending or endorsing existing policies. However, insurance arrangements should be carefully reviewed to ensure that you are covered for risks arising from the gig economy.

What should you do to protect yourself?

The gig economy offers much in the way of flexibility and free market engagement - but review your insurance to make sure you are covered in the event something goes wrong.

If you are a member of the gig economy, or you engage with members of the gig economy, talk to your broker about your insurance needs.

Airbnb Fun Facts

- Airbnb offers listings in over 191 countries.
- Airbnb has about 150 million users.
- Airbnb has more than 5 million listings worldwide.
- 53% of travellers use Airbnb because of price.
- 54% of Airbnb guests are female and 46% are male.
- The average San Francisco Airbnb guest spends 5.5 days and spends up to \$1,045.
- Tokyo, Paris, and New York City are the most popular cities for Airbnb booking experiences.
- 15.4% of issues that Airbnb hosts face are scams (e.g., host falsifies damag-

es or demands extra money).

- Since 2017, there's been a 120% increase in the number of senior hosts over 60.
- The Airbnb's average per night price for reservations is \$80.
- The fastest-growing Airbnb hosts are seniors.
- Senior women over 60 years are rated as the best hosts on Airbnb.
- About 100,000+ guests arrivals on Airbnb happens in earthouses.



- The "air" in Airbnb came as a result of Brian Chesky and his roommates renting an air mattress on the living room floor.

All you need to know about Premium Funding

What is Premium Funding

Almost all of the major insurance companies offer their retail clients monthly payment options. Whether it's your car or your home, or even your life insurance, paying by the month is easy. But when it comes to business and commercial insurance, you will find that most insurance companies do not have a monthly option.

Premium Funding

There is still a way to pay monthly however, and it is commonly known as premium funding, or premium financing.

Premium funding enables you to pay for virtually any insurance policy monthly, even if the insurance company does not offer a monthly option.

Essentially the premium funding company pays the full premium on your behalf, and you then repay the funding company with monthly payments over the course of the year.

Some of the main benefits of premium funding are as follows:

- Spread your insurance costs over a longer period
- Pay for multiple insurance policies with one monthly payment
- Smooth out your monthly business cashflow
- Obtain a tax deduction on interest paid for business policies

How Does It Work?

We, your insurance broker, will put your policy in place as normal, but instead of giving the invoice to you to pay, they will setup a contract with a premium funding company ('the funder').

The funder will then pay the full premium to the insurance company, and it will be your responsibility to repay the funder over a period of up to twelve months.

Ultimately this is a form of financing, hence why the product is sometimes referred to as premium financing.



As with all types of financing there will be an interest rate which applies to the contract. The interest rate is almost always a fixed rate and will be confirmed at the time of taking out the policy.

The most common term for a premium funding contract is ten months. This means that you must repay the funded amount within ten months.

It is also possible to repay the amount over twelve months, which is great from a cashflow perspective however the fees and charges can be higher in some cases when compared to a ten month contract.

How Are Monthly Payments Calculated?
Although the specific method can differ from one premium funding company to the next, the basic method is generally quite consistent.

Interest applied to a premium funding contract is generally calculated as 'simple interest' which means that it does not compound. This makes the repayment calculation very straightforward.

Important Factors to Consider
The most important factor to keep in mind is that paying your insurance monthly via premium funding will be more expensive than paying the full amount upfront. It's also important to know that if you cancel your insurance, your monthly repayments will not necessarily stop immediately.

What will happen is that the funder will receive any refund from your insurance company after the cancellation, and will then calculate whether or not any money is still outstanding.

There are a few factors which will impact upon how much is still owing, but generally speaking you could expect to pay at least one more monthly payment after cancelling your insurance.

When you enter into a premium funding arrangement, you are entering into a formal contract.

You won't always be required to sign a copy of the contract, but the contract is certainly enforceable if you choose to stop making repayments for any reason.

Should I Use Premium Funding?

If you prefer the idea of spreading your insurance costs over the year rather than paying upfront, premium funding could be a great option for your business.

Even if you do have enough cash set aside for your insurance, by utilising premium funding you may be able to invest that money to make improvements in other areas of your business.

For any business which has cashflow concerns, especially small businesses, premium funding can be a great way to smooth out your costs and improve your cash flow.

Queensland Smoke Alarm Laws and you

Whether you are a home owner, a renter, a landlord or a renovator/builder, the smoke alarm legislation introduced by Queensland Fire and Emergency Services from 1 January 2017 will affect you!

As a landlord....

- Existing smoke alarms manufactured more than 10 years ago must be replaced with photoelectric smoke alarms which comply with Australian Standards (AS) 3786-2014. All smoke alarms should be interconnected within the property.
- Smoke alarms should be installed on each storey including - in every bedroom; in hallways that connect bedrooms and the rest of the property and if there are no bedrooms on a storey, at least one smoke alarm should be installed in the most likely path of travel to exit the property.
- Any person can legally install a battery powered alarm, but 240-volt hard-wired smoke alarms must be connected by a licensed electrician.
- Within 30 days before the start of a tenancy in a domestic residence, you must test and clean each smoke alarm in the property.

As a tenant....

- During the tenancy, you must test and clean each smoke alarm in the property, at least once every 12 months. To test a smoke alarm, press the 'test' button.

As a home owner....

- Existing smoke alarms manufactured more than 10 years ago must be replaced with photoelectric smoke alarms which comply with Australian Standards (AS) 3786-2014.
- Smoke alarms that do not operate when



tested must be replaced immediately.

- It is recommended that smoke alarms be either hardwired or powered by a non-removable 10-year battery, and ionisation smoke alarms be replaced with a photoelectric type as soon as possible.

As a renovator/builder....

- All new or substantially renovated homes or units require hardwired, photoelectric interconnected smoke alarms. For existing dwellings, the smoke alarms can also be powered by a non-removable 10-year battery.
- Smoke alarms must be installed on each storey, in each bedroom, in hallways that connect bedrooms and the rest of the dwelling, and if there are no bedrooms on a storey, at least one smoke alarm must be installed in the most likely path of travel to exit the dwelling.
- It is essential to also have a well-practiced fire escape plan.

For further details, refer to Queensland Fire and Emergency Services' website at www.qfes.qld.gov.au/community-safety/smokealarms.

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

Premium Funding

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

The CQIB represents over 57 Queensland firms employing nearly 400 staff and placing in excess of \$500,000,000 in annual premiums. The CQIB charter is to maintain the level of professionalism of its members by the sharing of knowledge, information and ideas.



For more information visit
www.cqib.org.au

The articles in Brokerwise are provided as information only. They are not general or insurance broking or legal advice. It is important that you seek advice relevant to your particular circumstance.

Stellar Insurance Pty Ltd

ABN 53 627 106 496
AFSL No. 001269270

3/26 Argyle Street
Albion, QLD, 4010

Phone: 1300 270 280

Email: admin@stellarinsurance.com.au
Web: www.stellarinsurance.com.au

Wisewords

**"Always deliver more
than expected."
- Larry Page,
co-founder, Google**

**"Your most
unhappy customers
are your greatest
source of learning."
— Bill Gates**

**"I never dreamed
about success, I worked
for it."
- Estee Lauder**