

# DUAL NEWSLETTER

## A U S T R A L I A



Designed to work together

### DUAL NEWS

## TRANSFER OF CAPACITY TO LLOYD'S!

We recently announced effective 1 December 2009 **DUAL** will underwrite solely on behalf of Lloyd's (Arch Syndicate 2012). We are very appreciative of the support Lumley has provided over the years, however we feel this important change to realign ourselves with the other **DUAL** offices in Spain, Italy, UK, and Germany will ensure the phenomenal growth **DUAL** Australia has achieved over the last 5 years will continue.

We believe the ability to offer our clients the improved security of A+ will assist in our expansion into the Corporate market. We have written to the security departments of each International Broker and Cluster Group to ensure records are updated to reflect that **DUAL** is underwriting on behalf of Lloyd's, an APRA regulated insurer. As commented below our existing clients will continue to enjoy the benefits of full 'continuous cover', notwithstanding this change in security.

# DUAL HAS EXPANDED TO BRISBANE!

As always, **DUAL** is committed to providing a local presence and in October we announced our latest geographic expansion...Brisbane! We are delighted that **Craig Wincote**, formerly a Senior Underwriter in our Sydney team, has been promoted to Queensland Manager to lead this latest expansion. **Shelley Simmons**, who previously managed our Southern Metro Brokers in NSW, has also transferred to Brisbane and we have recruited **Gemma Nord** to complete our Brisbane team. With this new opening, we are transferring a \$6M portfolio which we believe with local market servicing will grow to \$10M in the coming years.

In the first month we have already seen an 80% increase in submission activity, so keep them busy!

**DUAL's** best assets are our people and we wish Craig, Shelley and Gemma well in their new venture.

**New office details:**  
**Level 7,**  
**127 Creek Street**  
**Brisbane QLD 4000**  
**Tel: (07)3218 2728**



*pictured: Craig Wincote*

# ACCIDENT AND HEALTH EXPANSION

**DUAL** is pleased to announce its first major product expansion outside of the Professional Lines market. Effective 1 December 2009, **DUAL** will be entering the Accident and Health Market following the recruitment of Clinton Evans and Dominic Brannigan, both formerly of ACE, to lead this expansion. We aim to in time be offering the full A&H product range via the internet and will have a product capability as follows :

- Group Personal Accident
- Individual Personal Accident
- Journey Cover
- Voluntary Workers
- Expatriate/Inpatriate
- Corporate travel

We will commence underwriting in December, however Corporate Travel will not be available until early in the new year. Claims will continue to be managed by Proclaim and as part of this process we have appointed Australia's leading Emergency Assistance Provider in CustomerCare to support this initiative.



# WE NEVER REST! ... PI / IT WORDING UPGRADES

With all that is going on at **DUAL** we thought why not take one more thing on, deciding to upgrade our existing Professional Indemnity / Information Technology wordings as part of the change to Lloyd's. Effective 1 December, **DUAL** will be offering our renewals and new business the benefits of this new cover which includes the following:

- Full Continuous Cover if insured with **DUAL**
- Bodily Injury/Property Damage writeback
- Retroactive Date has been
- broadened to 'UNLIMITED'
- Automatic Previous Business cover
- Wider 'Claims' definition
- Fidelity (now available on our IT Product)

All **DUAL** wordings have also been updated to comply with Lloyd's standards.

We are also pleased to announce a broadening of our underwriting appetite as below:

- Alternate Medicine – **DUAL** will be targeting the alternate medicine segment of the medical malpractice insurance market
- POSI / IPO Capital Raising Insurance – **DUAL** will now be able to offer excess layer capacity for these types of insurance and will be developing a primary offering in 2010

## WEB RATER UPGRADE

The **DUAL** Web Rater platform has been a great success - with over 12,000 quotes generated from the system. An upgrade of the system will be launched in January, involving the following:

- **PI / IT** – the system is designed to provide brokers with better service/margins on smaller PI with fees < \$1M.
- **Management / Association Liability** – the aim of this offering was to provide brokers with the capability by entering 3 pieces of information. Brokers can then offer their client a formal Management/Association Liability quotation when they are handling the existing Property/Liability renewal. This has been extremely successful where 87% of the ML/AL business that **DUAL** has written is for 'first time buyers' hence producing new revenue for a broker.

With the upgrade, brokers will now obtain a full quotation from **DUAL** which can be either bound on-line or via a **DUAL** underwriter with the full benefits of the ease of delivery this system offers.



# WEB RATER CHALLENGE...

## “AND THE WINNERS ARE...”

We are pleased to announce the **WINNER of the 2009 Web Rater challenge** for the most amount of business transacted via the Web Rater... Congratulations to **Marylin Raina** of Professional Risk Placements! Marylin has chosen to split the winning \$5,000 donation between two charities close to her heart. Those being National Breast Cancer [www.nbcf.org.au](http://www.nbcf.org.au) and Edmund Rice Camps for Kids WA [www.edmundricecamps.com.au](http://www.edmundricecamps.com.au) - a community based organisation that serves the needs of young children and their families that are often overlooked by other services. It provides holiday camps and other recreational activities for children who would not otherwise have such opportunities, supporting kids 'at risk' or 'in need.

Congratulations goes to Victorian broker **Philp, Newby & Owen – WINNERS of the DUAL Web Rater Challenge for the first half of 2009!** Their chosen charity for the \$1,000 donation was Reach Organisation [www.reach.org.au](http://www.reach.org.au) aimed at giving teenagers direction and support.



## TOMATO STORY!

The economic downturn has produced a significant increase in the number of Management liability claims being notified to **DUAL** on all sections of the policy but particularly regulatory investigations, employment matters, occupational health & safety enquiries and crime. The most severe claims we are seeing are in relation to the crime section of the policy - in most cases the theft by a trusted employee was as a result of the employee having a 'gambling' problem.

One of the more unique claims we have been involved in was in relation to the theft of tomatoes. A third party truck driver had convinced the employee of a warehousing risk to open the doors each night and let the driver take a truck load of tomatoes which were sold on the black market (yes, there is a black market for tomatoes!) over a 2 week period. \$300,000 of tomatoes were stolen and as the proceeds had been gambled there was no recovery and hence a substantial covered loss under the ML policy.

It is important to note that this type of claim would not be covered under many Management Liability policies as this claim involved theft by a third party (not a first party employee) and was for property (not money). Also, it is worth noting there was no contribution from the property policy under the burglary section as there was no 'forced entry'. This is a perfect example that without a well constructed Management Liability policy the company would have faced substantial 'uninsured loss' which may have created PI exposure for the broker if they had not recommended the insured purchase a ML policy.



# SYDNEY OFFICE EVOLUTION

The opening of our Brisbane office has allowed a restructure of the Sydney office which now services NSW / ACT / SA / NT. Under **Rob Collyers** direction, **Chris Bounos'** role has now been expanded to manage our regional broker relationships in NSW and SA. As part of this **DUAL** now has our 'first company car', so no doubt Chris will be out to visit you shortly! **Brett Sampey** now has responsibility for our Corporate broking relationships.

We wish Chris and Brett well in their new ventures.

## COMMITMENT TO SERVICE

**DUAL** currently receives 40,000 submissions annually and is committed to providing a high level of service to our supporting brokers. In order to continue to provide this high level of service it is necessary to review our relationships (or lack of) with the 100+ brokers that send submissions into **DUAL** each year without placing any business. Accordingly, by 30 September 2010 most brokers will need to transact either \$20,000 (overall) or \$10,000 (via our Web Rater) in order to maintain an agency agreement with **DUAL**. The significant investment we have made in the Web Rater requires **DUAL** to reduce the number of log-ins owing to the high maintenance cost per log-in. For brokers who are not able to access **DUAL** directly, you may still access **DUAL** via our various wholesale broker arrangements.

## HONG KONG UPDATE

**DUAL** has announced a strategic partnership between our Hong Kong office, **DUAL** Asia, and MSIG Insurance (Hong Kong) Ltd. The financial crisis has brought increased awareness amongst insurance buyers of the importance of an insurer's financial strength. MSIG's impressive strength and penetration into the local market, combined with **DUAL's** recognised expertise in financial lines insurance for the mid-market, will ensure a highly successful partnership. **DUAL** Asia is now fully equipped with a strong facility and market expertise in providing D&O and PI products specifically tailored to meet the needs of the middle market in the region. Philip Chiu and Jodie Chung have been underwriting on behalf of MSIG since 1 May 2009 and the response has been outstanding.



# APRA CLAIMS TRENDS

The National Claims and Policies Database latest release shows some disturbing trends, which highlights the need for premium increases in the current market:

- The national average written premium for PI insurance fell by 10.1 per cent.
- Over the last five underwriting years, the national average premium for PI risks has decreased by 31 per cent.
- During 2008, Australian APRA-regulated general insurers paid claims totalling over \$1,183 million on professional indemnity and public and product liability business. Of these payments, \$471 million related to PI insurance
- As at 31 December 2008, insurers reported \$2,742 million as case estimates for the further

payments to be made on open claims at that date. Professional indemnity claims accounted for \$1,295 million of claim estimates

- The 2008 underwriting year reported a higher incurred claim cost for PI claims at development year zero than any previous underwriting year, indicating that industry may be able to expect a high ultimate pay out in PI claims for the 2008 underwriting year.
- The trend in PI loss ratios across all development years has been increasing with each underwriting year since 2003. For example, the loss ratio at development year one for the 2003 underwriting year was 10.7 per cent, compared to 26.7 percent at development year one for the 2007 underwriting year.

## UPDATE – STAMP DUTY REFUNDS

# STAMP DUTY REFUNDS

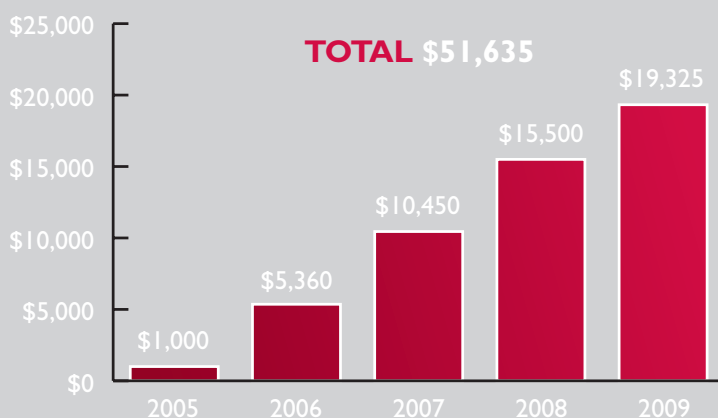
**DUAL** has lodged a request for Bulk assessment and reservation of rights on behalf of affected clients following the decision of Qantas Airways Ltd v Chief Commissioner of State Revenue [2008] NSWSC 1049 (Qantas Decision). We will keep you informed on the progress made in this area.

## CHARITY UPDATE

# \$50,000 IN 5 YEARS! WE MADE IT!!!

Despite a lucky escape by Damien during the ANZIIF Underwriting Agency of the Year FINALIST (if we won Damien was going to shave off his hair for charity!) we are pleased to announce that we have reached our goal of donating \$50,000 over our 5 year history. This year **DUAL** has celebrated it's 5th birthday and with the help of donations from market surveys at this year's conferences, participating in charity events such as Beyond Blue's 'Footy Jumper to Work' day and internal challenges during the crazy June period, we have reached our goal. Thank you for your outstanding support in this area. We hope this news pleases you as much as it does us.

Stay tuned or our Christmas Card which should be out shortly as we celebrate with another crazy photo and a donation to an important charity!



## HERE AT DUAL...

**Alice Hung** has moved to a Renewal Portfolio role within the Sydney office, ensuring those all-important Fast Track quotations are sent out at the market standard of 12 weeks from expiry.

It's been a busy year for new recruits! We welcome **Elias Karim** as underwriter in our Sydney office, **Clinton Evans** and **Dominic Brannigan** leading our A&H expansion, **Gemma Nord** in our Brisbane office and a welcome addition to the Perth underwriting team – **Davina Taylor**.

And lastly, we are sure you will have heard but in case you haven't... the Underwriting Agencies Council has voted **Damien** in as **the new UAC Chairman** and we congratulate him on this appointment.