



Talking Law

Episode 125 - Insurance Hacks For SMEs

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Transcript

Joanna: Hi it's Joanna Oakey here and welcome back to Talking Law a podcast proudly brought to you by our commercial legal practice Aspect Legal. Now today is a very exciting episode indeed because of this episode of Talking Law. We are announcing the launch of the very newest member of our aspect Group of Companies Aspect SME Insurance. And to talk about the whole idea behind Aspect SME insurance and why there is such a gap in the market. I have onboard Meena Wahli, who heads up Aspect SME insurance now, in this episode, we talk about a lot of interesting topics related to insurance. I know I know, I know, I can hear what you're about to say that insurance doesn't sound very interesting.

Well, that's where you've got it wrong. Insurance is actually a really important component of risk protection within an SME. And in this two-part series with Meena and me, we discussed the reasons why I thought it was so important to add an insurance division to our legal division, where we look at risk and why insurance is such a great way to assist in the prevention and the protection for risk. We also talk in these two episodes about the type of insurance that SMEs quite often don't even realize is around,

where SMEs often get it wrong and we talk about some stories and some case studies of where SME insurance has massively assisted businesses where they perhaps may not have realized it was even a possibility from the beginning. So buckle in, here we go with part one of our two-part series all about the fascinating things you may never have understood about insurance for your SME business.

Joanna: Meena, welcome to Talking Law. It's so good to have you on the podcast.

Meena: Thank you, Joanna. I'm very excited to be doing this.

Joanna: I am so excited as well, because of course, today we're talking about the launch of the brand new business as part of that Aspect Group of Companies Aspect SME Insurance. And I am super pumped. Meena I know, we've had lots of discussions in you are pumped as well.

Meena: Yes, you look, no, it's great to be launching a business that meets market demand. And it's almost like, you know, everyone's been waiting for, you know, a business to come along and meet that demand that's in the market for the sort of insurance products that we wish to take out to the SME market.

Joanna: Yeah, absolutely. And look, I think insurance is one of those things that's really not particularly well understood. And I guess maybe what I'll do is I'll just start by giving a quick snapshot of why I think it's such a good fit with Aspect Legal. And then let's get stuck into talking about you may know your background, and, you know, some of these fabulous products that we now have to offer to our clients, and the SME community in general, I think from my perspective, Aspect, Legal has always been about helping to recognize opportunities, but also to protect risk for SMEs. Because you know, one of the saddest things that I see is hard working business people, entrepreneurs, having built these amazing businesses, and then just having landmines that appear along the way, that either number one, take them off course, or number two, you know, in that worst case scenario, blow up the business.

And I've certainly seen that happen many, many times, many more times than, you know, than I care to actually see. And from a legal perspective, we sit in that position of reviewing a business from risk, I'm providing the legal landscape to help prevent that risk from appearing in the first place through contracts through through documentation, and the organization, the legal infrastructure of the organization. But that is only one part of the story. You know, when I talk about risks so much that I just always felt there was this gap in what we're talking to our clients about, because insurance is such an important component of that full risk discussion, isn't it, you know, so it's about building the infrastructure to help minimize the risk, but that will never completely eliminate risk. And that's where insurance fits in it is to help you protect the investment that you have in your business that you've built up over all of these time, you know, to ensure that those landmines along the way aren't leaching that value aren't taking you away from the core focus and aren't, you know, completely destroying the asset that you've built up over time.

And I guess you must have seen, you know, this thought process play out a lot Meena, and I really, I really want to get stuck into your thoughts behind it all. But maybe the way we launch into that manner is let's start perhaps by talking a little bit about your background. What brought you to this point here?

Meena: Oh, that's a that's a very interesting question. And I love sharing this story. So I was working with a number of businesses in helping them understand how to manage their information assets. And you know, all SMEs basically collect lots of information. And in doing that, they asked me about changing legislations, and one of the legislations that was coming into Australia in 2014, was the Privacy Act. And being a lawyer, and in advising your clients, I'm sure around 2014, you were getting lots of queries,

Joanna: oh, it was so busy, it was so busy, and people just didn't understand businesses and not just SMEs we also service larger businesses, but this businesses of all sizes just didn't understand how they would deal with this, you know, because whilst there is a revenue size, that the Privacy Act, you know, kicks in that there are lots and lots and lots of businesses that will be caught by the Privacy Act, notwithstanding they from zero threshold, you know, irrespective of the revenue, and it's just, you know, there's this whole body of legislation that is very confusing.

It's confusing in relation to how to comply and of course, And we had GDPR come as well, which just added, you know, to the confusion, but also I think then it raised a whole heap of questions that were really important questions about, well, how are we managing information anyway? And of course, that turned out to be a critical thing for businesses to consider as we are in this age when cybercrime is just so prevalent, you know, we have so many instances of clients who have suffered greatly because of cybercrime within their organization. And so that's one of these imperative areas of insurance that's actually a little bit new, really, I guess, is that right?

Meena: That's right, if you think of it, the context of using information and transmitting information on the internet is relatively new, because businesses have embraced internet and embraced information for providing better service and better products to to their clients. But you know, in this whole scenario, what we forgot was that for anything that takes us to the you know, any medium any channel that we use in interacting with our customers, or suppliers, may have a risk aspect to it as well. So you know, businesses will focusing on the profit and saving cost, and then came along risk. And then came the liability risk also, because, you know, the legislation places obligation to on the business to protect the data that it holds, especially the personal information that the business holds, becomes the obligation of the business, for the security and the privacy of that information.

Yeah, whilst I was doing this for clients, and helping them understand Privacy Act and liability risk, from a legal point of view, I was talking to a broker in New York who was doing data privacy insurance. And it was very interesting what she was doing and she said, Why don't you come to New York and you know, it's typical American style and and when I talk to you Joanna, sometimes I feel that, you know, this very much of the American entrepreneurship in your approach, it's amazing to be talking about this and Aspect Insurance today, because I spent a month in New York with Christine in 2013, and went around town and understood how the insurance market was working in New York, and especially data privacy insurance. And then, you know, when you study insurance, you realize that the hub of insurance is actually London, where it all started with Lloyds. So I spent a lot of time in London understanding and researching and establishing relationships with insurance companies. And here we are today with all that research and trips to London and New York, we are starting insurance,

Joanna: And now we're able to be able to offer all of these fabulous insurance to our client base and, and you know, I guess I call it fabulous insurance. And I guess, just like legal things, insurance can be perhaps a bit hard for SMEs to get excited about it might sound a bit bland on the face of it. But it's just such a critical part of risk management for an organization and risk management itself is critical to ensuring that this asset that you're building, is protected and will be able to withstand that storms of business, you know, as as you grow over time and create this amazing asset that ultimately one day you can sell. And of course, we spend a lot of time with businesses, helping them understand how to maximize value with exit, how to make sure they've got a strong asset for exit, and how to how to make a strong exit. But that is all predicated on you still having that asset in place.

And having that asset protected along the way, you know, so it's just so critically important. One of the things that I thought was really interesting, as we started discussing this topic, Meena was just the breadth of insurance types of insurance that are available for SMEs. And I guess the reality is that not all insurance types are relevant to all SMEs. It's a very individual sort of requirement depending on each type of business. But I think what many business owners just don't understand is the breadth of assets within their business that can be protected by insurance, the breadth of the types of insurance that are available. And let's talk very briefly about some of those now. But I just want to say for anyone who's interested, we do have a webinar coming up, where maner and I are going to dig deep into all of these areas, we're going to talk about the types of insurance that you need as an SME, so some of those absolutely critical insurance types, and then some of those insurances that you may not have realized, we're there.

And that can create great benefit for your organization. We're gonna talk about some stories of some surprising claims. I think businesses love to hear about, you know, some of these things that happened within their organization that actually could be covered by a type of insurance. And then we're also going to dig into where SMEs go wrong with insurance. So if you're interested in finding out a little bit more about how insurance could be relevant to your business, then check out the show notes. And we'll be putting a link there. And if you aren't able to make it live, of course, if you can make it live, that's the best outcome, because you can ask all of the questions that you have bubbling over in your mind at the moment about what you need to be specifically considering for your business.

But if you can't make it live, we'll also have it available as on demand. Now, before we move on to some of these, I guess, some of these types of insurances, and then maybe even just touching on where businesses go wrong, Meena, I have a habit of taking us down little rabbit holes. And I'm not sure we got to the end of your background, but you're very talented and experienced personally nice and humble as well. So I think I need to help you call out a few things here. You're a seasoned company director, you're an amazing business strategist. And prior to the insurance game for you will with one of the big four, is that right? Maybe take us back a little?

Meena: Yes, actually, I did my MBA at Monash University. And immediately after that, I worked with PricewaterhouseCoopers (PWC). And consulting is, even if you work for a short while in consulting, many people will watch for the fact that it just teaches you to think strategically and think long term and also identify trends, and you're always

working for the client, you know, in a consulting environment, you never work for yourself. So the constant pressure to create value, anything that's of value that the clients willing to pay for is a really intense and you know, I have a mentor, a very famous and well known consultant herself, and who says that a client will pay you \$100 to get a return on investment of \$1,000. But never expect the client to pay \$1,000 to get \$100 in return. And you always vying for that \$100 because the client would rather spend that on something else that gives them at least 10% return on investment or 100% return on investment.

And I've also been a company director with Bendigo Bank, they have a community branch network, and I have been a board member of one of the fastest growing branches here in Victoria. But to summarize this Joanna, it's very interesting that the journey that you have been on that it's all about the business asset of the client, the SMEs have built this great assets, and they don't know who to turn to manage the risk, manage the profit, because the business asset that they have built is the business itself, which is supposed to give them sustainable profit over time. And the profit is in itself a risk. The business asset is also the risk and how as an insurance broker, we can speak with SME to justify the expense that insurance is that all that expense will help them protect not only the business asset, but also the profit that comes out of it.

Joanna: But it's also these this element of sleep easy at night. You know, I find that business owners as they as they have a business that's gone through a lot of strong growth. There's a lot of fear that comes with that the fee that comes with I don't know what I don't know, at the fear that the unknown could blow up this this asset that they've been building and I think that is one of the elements of insurance. It helps us deal with the risk and helps that sleep easy at night factor, you know, and I think I think that's so important. And it's funny actually, I've had a number of instances of clients over the years who have had issues that have appeared in their business. And in fact, some of these are the reasons why I got really interested in insurance as an additional service, in addition to our legal services, clients who have had issues have come up in their business.

So for example, employee claims, and, you know, they've been at the point where, you know, they there's been an issue that they've needed to deal with. And, you know, there's legal fees that go along with that, if there is an employee that's created an issue, and then there is the potential need for settlement. And in a few of those instances, I've had clients who, after the fact, have suddenly realized that they had insurance that covered them for these issues. And you know, it takes so much of the emotion, away from that moment of dealing with the claim, when suddenly, you know, they realize they're protected from the exposure to cost, you know, it's just that it's almost that blanket that they suddenly say, I've got the insurance, I'm covered for this hold on.

I'm not so concerned about where this could go. And I just think I've seen that emotional change in clients a number of times as they suddenly realized that an issue has appeared that they actually have insured against and have covered for, and it's some, it's interesting, because I don't think it's just about dollars, I think at the end of the day, it's just about feeling that that comfort that they've had that protection there that that they didn't even remember, at the point in time was in place. Have you ever seen that with your clients in the past may not.

Meena: Yes. That's right, it happens always join our clients is we've facing this

scenario, do you think insurance will cover us for this scenario? And the legal fees that we are going to incur? And you say, yes, of course, you know, that is why I caught you insurance in the first place. And they say really, that's wonderful. It happens all the time. And you know, the client, I wish clients would say that, in the first instance, let's talk to a broker and find out if we are covered, most of the time, they're taking resort to you know, seeking legal advice, which is always recommended. But I feel they won't feel, you know, obviously, we wouldn't feel so lost, when an incident happens because they've got support, they've got the legal adviser, they've got the insurance advisor. And these are mechanisms by which the business gets protection and the business owner sleeps well at night.

Joanna: That's right. But that's really where this integration of legal and insurance you know, it's just so that's the power of it, you know, when this is this is a power that I see that that, you know, our clients have this one stop shop, they don't have to work out who it is that they're meant to talk to in that situation, because there is this flow of information because we looking at their business, from this holistic risk, protection viewpoint rather than just the viewpoint of the tools that we bring to solve their particular risk issue, you know, because risk is not a one answer for every risk component in the business right? It's this combination of multiple approaches to how you deal with risk which I just think is the beauty and you know, you're so right, the clients have this confusion who do I go to first? And I think the benefit here is they no longer have to worry about that because they've now got a one stop shop Meena, they've now got Aspect SME Insurance.

Meena: That's right. And you know, one thing I wish to highlight too, is that the insurance has a liability side and the indemnity side. So there's some insurances, which are liability insurances and one and some that combined indemnity liability. And, then that integration between law and insurance is so obvious to me when I advise clients on the liability risk, because liability risk is driven by the legislation framework within which of a business operates.

Joanna: And let's pick at that a bit more. So we're talking here liability versus indemnity, but I think most SMEs or business owners on the strike probably don't necessarily understand the difference there. So let's, let's unpack that a little bit more. What do we mean by liability versus indemnity?

Meena: Yes. So you know, in insurance jargon, we talk about first party risk and third party risk. Okay. First party risk is indemnity and third party risk is liability. Now, I see you smiling so you obviously enjoying this.

Joanna: I love these discussions. But I want to make sure our listeners stay on it.

Meena: You know, I mean, this is relevant because being a lawyer, you know, you will get it. And so law indemnity is like first party risk as a business owner, I stand to lose my profit. I want ownership of my assets, the value of my assets can draw, how do I protect the assets that are built? How do I protect my profit. So that's my first party risk. But as a business, the business also has obligations to third parties, which are employees, government, suppliers, customers, and that relationship is actually as you would explain, is bound through the framework of law and the various legislation that operate now business must be across those legislations. That's why they come to you, you help them understand the legal ramifications. And any incident that happened.

So any action by the business owner that triggers a breach of this legislations actually incurs to the on them the third party risk or the liability risk. In liability raised under liability risk, you have instances where, you know, an employee may sue the business owner, and the business owner then ends up being penalties and ends up having to incur legal costs.

So those costs and those penalties would then be covered by the insurance, you know, employment practices, liability insurance, for instance. So that's the difference between indemnity is that you indemnify your own first party risk, and ensure that you know, for any risks that you're liable to third parties for is also covered by insurance.

Joanna: That's fabulous Meena. And, you know, I think this whole area is very, it can be very confusing. But the good news is you the listener don't need to fully comprehend which insurance is right for you. Because we've got a great offer available for all of our clients at Aspect Legal and our listeners of our podcast, we have a free strategy session available with Meena, where we'll look at your current insurances, and help provide a bit of insight into what insurances might be most useful for your business and how you're looking at the moment in terms of the value you're getting from your current insurances versus what's out there in the market at the moment.

So if you want to get a bit of an insurance health check, then just check out our show notes. And you can book in a time directly with Meena. And as you've heard, Meena doesn't just come to us with the insurance background, she actually comes to us from this amazing management consulting background, which I think is an extraordinarily unique skill set to bring because it really is about looking at risk from this broader perspective, rather than simply looking at it from a policy lens.

And I just think that's so critically important and such an amazing addition to our Aspect Group of Businesses. Now we're going to be back next week with another episode of talking law where we're going to drill a little bit more into these topics, we're going to have a look at what SMEs often get wrong with insurance and we're going to drill in to some case studies. And we'll talk a little bit more about some other areas that you should be thinking about with some SME insurance. Just want to say a massive thank you for coming along to part one of our two part series Meena and we'll be back next week with our second part.

Meena: Thank you, Joanna. I really enjoyed talking to you. And it's amazing how much there is to learn about insurance, isn't it but having said that, like you said SMEs don't need to worry about how much they understand insurance, but at the same time we want them to know that there is insurance for them for every risk that their business potentially could face.

Joanna: Isn't that fabulous? I'm just so excited me not so excited. Wonderful. Thank you and welcome to the Aspect Legal family, Meena.

Meena: Thanks Joanna.

Joanna: Well, that's it for this episode of Talking Law, of course, where we dug right into the new area of SME insurance that is part of the Aspect Group of companies. As I said, we're super excited to launch this new business because we think insurance is such an important component of that risk management strategy for every SME, and I

really implore you to think about whether or not you have properly utilized insurance within your business, of course, as we talked about on this episode, We have for you an opportunity for a free insurance review with Meena. And I highly recommend you take advantage of that offer, not just because it's a great opportunity to work out if you could be paying less for something better, not only because it's a great opportunity for you to work out if there are risks in the business that you're not actually seeing at the moment that could create problems for you if you're not looking at them properly.

But also because Meena is just such a wealth of knowledge in her own right, of course, we talked about her strong background from a management consulting background. And I think any business owner would feel that his time was very well spent in a discussion with Meena. So if you'd like to take advantage of that offer, then just head to the show notes or over to our website at talkinglaw.com.au where you'll be able to find a link straight through to book Meena in for that insurance health check. There you'll be able to find the contact details for Meena at Aspect SME Insurance.

And of course, you'll also be able to find details of how to contact our legal Eagles at Aspect Legal. If you'd like to take a legal view of risk management in your business. Of course at Aspect Legal, we also conduct legal health checks. Whilst those aren't free, they are priced very competitively. And it would be a great opportunity for you to take risk management from a high-level perspective getting both your legal and your insurance, health check done at the same time. And also, don't forget that we have a webinar coming up very soon where Meena and I dig into this area of insurance for SMEs, we talk all about where businesses often go wrong the types of insurance you really should be considering having on board, some interesting insurance that you may not have thought about before, the benefits of insurance and we will be digging into some case studies talking about the benefits of the use of SME insurance when it's done correctly.

We'll also be talking about some really great case studies of ways in which we've been able to find savings for businesses in their insurance spend. So don't forget to tune in to part two of this two-part series where we look at the types of insurance that are available for your business and where SMEs often go wrong and we're going to give you some killer case studies where you can actually see there are different insurances at play and the benefits of getting the right insurance in place from some case studies of similar business owners. Well, that's a look I just want to say thank you once again you've been listening to Joanna Oakey and Talking Law proudly sponsored by our commercial legal practice Aspect Legal and our brand new business insurance practice Aspect SME Insurance. See you next time.