

# HONEIN

## QUARTERLY MARKET UPDATE

**Q4 FY23**

# Resilience Amid Challenges

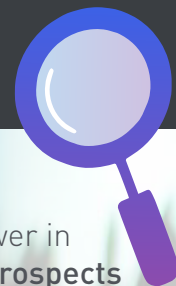
## A Global Outlook

The surprising resilience of the global economy has allayed immediate concerns about a global recession. However, the broader narrative remains largely unchanged, with the forecast signalling slower growth and the ongoing impacts of tighter monetary policy.

As we start a new financial year in Australia, now is the time to reflect and understand the future direction of the business and economic climate.

# A Global Perspective

“The pressing need to address inflation, coupled with the exhaustion of fiscal resources, presents a precarious balance for global economies.”



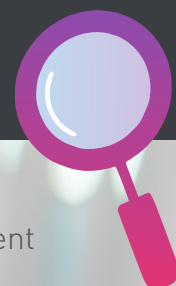
Despite its resilience, global economic growth is anticipated to be significantly slower in 2023 compared to previous years. **The World Bank's June 2023 Global Economic Prospects warns of a fragile world economy**, with expected growth in the low-to-mid 2 percent range for 2023, gradually picking up in subsequent years.

Trade volumes have been declining since 2022, reflecting soft demand and low shipping volumes. The partial resolution of semiconductor supply issues and China's rebounding demand offer some optimism, though trade volumes are expected to remain soft in the short term.

Inflation has peaked in many developed economies, and with high inflation causing worldwide concerns about the cost of living, there is limited room for expansionary fiscal policy. The pressing need to address inflation, coupled with the exhaustion of fiscal resources, presents a precarious balance for global economies.

## Australian Outlook

“Australia's growth is forecast to reach a mere 0.9% in the 2023-24 financial year significant departure from the average annual growth rate of 2.4% over the previous decade.”



The outlook for the Australian economy has further softened, with challenges evident across several sectors.

## Monetary Policy & Inflation



The Reserve Bank of Australia (RBA) has increased interest rates more than previously expected, which has had tangible effects on the economy. Deloitte Access Economics forecasts Australia's growth at a mere 0.9% in the 2023-24 financial year, marking a significant departure from the average annual growth rate of 2.4% over the previous decade.

The 400 basis points of interest rate increases to date have yet to fully manifest, with concerns that this might have already been too much. **Most of the inflation in the system is due to supply-side issues, and recent research by the RBA confirms that it is largely immune from monetary policy.**

Inflation trends reveal a moderation in the pace, and the disinflation impulse throughout developed economies is neither surprising nor likely to be short-lived.



This situation highlights the need for a wider set of economic policies, including fiscal policy, investment, competition policy, and tax policy to boost prosperity.



## Economic Growth & Productivity



Declining productivity and rising wages signal a potential structural challenge in the economy. **While the Australian economy entered 2023 in a strong position, higher interest rates and inflation have slowed growth.** The first quarter of 2023 saw a GDP growth of 0.2 percent, with per capita GDP growth recording a negative outcome.





## Industries & States

**Elevated yet moderating inflation and rising interest rates have combined to slow household spending and economic growth.** The brunt of the current consumer crunch is impacting retailers, leading to fears of a 'retail recession.'

Meanwhile, the outlook across Australia's states and territories further reflects the deepening slowdown, particularly for Western Australia and Queensland.



## Housing & Utilities

The housing market presents another challenge, with growth in rents trailing well below contemporary measures.

**Rental vacancy rates remain low, and policy efforts to fund additional affordable housing are unlikely to resolve shortages in the short term.**

Rising housing and utilities costs will likely lead to a more gradual deceleration in underlying inflation than observed elsewhere.



## Competition & Market Power

While there is no evidence of systemic price gouging as a key source of inflation, examples of market power and weak competition are prevalent in key sectors like banking, airlines, supermarkets, insurance, and telecommunications. **This situation highlights the need for a wider set of economic policies, including fiscal policy, investment, competition policy, and tax policy to boost prosperity.**

## Looking Ahead

The complexities of geopolitical unrest, uncertainty, and surging costs are pushing businesses to invest in comprehensive risk management strategies. **In this edition of HoneIn, you will find the latest insurance insights and forecasts to help you navigate this space with confidence.**



# CORPORATE INSURANCE

---

Colorado State University released an update in July, forecasting a “near average” year for named storms, hurricanes, major hurricanes, and accumulated cyclone energy consistent with the 1991-2020 average. If this forecast holds, it could help to slow the property insurance rate increase.



## Key insurance outtakes from Q4



Following the collapse of Catholic Church Insurance in May 2023 due to a lack of capital to fund new business and renewals, many Australian church and school organisations have been seeking last-minute insurance options from overseas markets. However, these markets have limited coverage for sexual abuse, including lower limits and minimal retroactive coverage. This will likely result in poor renewal outcomes for the next 12 months, as London markets have been flooded with requests for cover at short notice. **Honan clients in this sector have the security of stable market partnerships based on long-standing, well-managed risk programs and we do not expect any impact on our client base.**



## Industry insights for Q1



In May 2023, the first Australian Financial Complaints Authority (AFCA) decisions on the Covid-19 business interruption (BI) test cases were handed down, finding in favour of insurers in both cases. The critical question was on policy construction, with the requirement that the closure of the insured business must be due to orders from a competent government, public or statutory authority, and due to an outbreak of infectious human disease at the premises or within 20 kilometres of the premises. In both cases before AFCA, these criteria were not met adequately. Whilst each case before AFCA and the courts will be considered on its own merits, this decision reflects the insurance market's positions that typical BI cover was not designed to cover pandemics.

Another 200 cases remain open for determination with AFCA, and there are four class actions listed before the Federal court. We will be watching the outcomes closely and keep you updated with key insights.

## Developments to watch over FY24



Whilst no contributing climate factors are certain, BOM is still forecasting drier and warmer conditions across much of Australia between July and September. Australian businesses with a bushfire exposure must ensure an adequate disaster recovery plan is in place, and work with their insurance brokers to ensure coverage is tested on limits for both material damage and indemnity periods for BI.

It is not only the forecast for Australia that is under watch. In the first half of 2023, we saw global insurers try to claw back earnings after several catastrophic losses in the US, namely hurricanes, a cyclone, and storms. This impacted Australian risks, driving property rates and premiums upwards. From a global perspective, a predicted El Niño event in the North Atlantic may continue to fuel Australian property insurance rates. **However, Colorado State University forecasted a “near average” year for named storms, hurricanes, major hurricanes, and accumulated cyclone energy consistent with the 1991-2020 average. If this forecast holds, it could help to slow the property insurance rate increase.**



# EMPLOYEE BENEFITS

---

We're having discussions with our global partner brokers to explore how AI can help them deliver a better client experience by gleaning more insights to aid client decision-making and provide benefits that truly resonate with employees.



## Key insurance outtakes from Q4



In Q4, the Australian results from the 4 Day Week Global pilot were published, and they revealed some powerful insights regarding recruitment and retention. In this model, employees work 80% of their regular hours, whilst committing to maintaining 100% productivity. Out of the 26 companies that participated in the trial, 70% reported increased productivity, while 30% said it stayed the same. **The companies also reported improvements in recruitment, fewer sick days taken, and better employee retention.**

Interviewing senior managers from 10 of these companies, researchers from Swinburne University of Technology found that **smaller companies, which could not compete with bigger ones in terms of salary, saw particularly promising results.**

While the format is relatively new to the Australian market, these initial findings are encouraging companies to reconsider their talent strategies and employee roles.

## Industry insights for Q1



From July 1, parents have the flexibility to share parental leave payments and time off work, enabling them to better balance their caring responsibilities with their professional commitments. The laws combine two existing payments into a shared 20-week scheme, expand access and make it easier for new fathers to obtain paid leave. These laws come into effect for parents whose babies were born or adopted from July 2023.



## Key points to note:

- The legislation removes the requirement that the primary Paid Parental Leave (PPL) claimants must be the birth parent, meaning that either parent can apply for paid parental leave first
- Parents can access the entitlement in multiple blocks with periods of work in between to grant them further flexibility
- Single parents can access the full 20-week entitlement, up from the current 18 weeks
- Parents can pre-claim up to three months before the expected date of birth or adoption so there is no delay in receiving payment
- The new family income threshold is \$350,000 per year, meaning more parents are eligible for the PPL policy

By promoting gender equality and improving family support measures, the new law is likely to improve employee retention and productivity, as workers who feel supported in their family and personal lives are generally more engaged and satisfied in their jobs. **Employers may also benefit from a more positive reputation as a family-friendly workplace and could attract a more diverse pool of job applicants as a result.**



# Developments to watch over FY24



## Changes to Superannuation

From 1 July 2026, employers will be required to pay their Superannuation obligations to employees every payday, not quarterly. **The incoming reform is designed to reduce the amount of unpaid super payments in arrears**, which the Australian Taxation Office (ATO) has estimated to be over \$3 billion during the 2019-2020 financial year and approximately \$29 billion over the last six years.

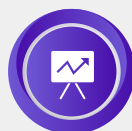
Harsher penalties may also be on the horizon for employers that fail to pay their worker's superannuation on time. The transition to payday superannuation contributions is expected to make employers' payroll management process smoother, with fewer liabilities in unpaid super obligations building up on the books. **The reform is expected to have the biggest impact on employees in blue collar industries such as hospitality, retail, and construction, where cases of unpaid superannuation are most common.**

The Federal Government has assured businesses that are worried about the impact on their cash flow that they will collaborate with industry representatives and engage in conversations about safety protocols.

The reform is also designed to boost Australians' retirement incomes, because:



Employees are less likely to miss out on their payments given the visibility of their superannuation in each pay cycle



Increasing the frequency of payments enables superannuation contributions to accumulate for a longer period, allowing for greater compounding growth

## AI x Employee Benefits

There is a lot of interest and excitement about how artificial intelligence can add value to the Employee Benefits sector. We are already seeing examples of businesses using AI to improve the employee onboarding experience and automate some HR processes, leading to cost efficiencies.

In parallel, **we're having discussions with our global partner brokers to explore how AI can help them deliver a better client experience by gleaning more insights to aid client decision-making and provide benefits that truly resonate with employees.** The possibilities in this space are incredible and we'll be keeping a close eye on these developments and share relevant updates with you along the way.



Parents now have the flexibility to share parental leave payments and time off work, enabling them to better balance their caring responsibilities with their professional commitments.



## PROFESSIONAL & EXECUTIVE RISKS

---

Ransomware is expected to remain a prominent factor in cyber losses in 2023. After initial signs of a rebound in ransomware frequency during the fourth quarter of 2022, the first five months of 2023 have seen a notable surge in cyber attacks.



## Directors & Officers Liability (D&O)



The D&O insurance market is showing clear and consistent signs of softening, with flat to decreasing premiums and significant increases in capacity, after several years of a hard market. This trend is expected to continue into the second half of 2023. New carriers, a lack of transactions in the equity marketplace, and a reduction in the number of Securities Class Action (SCA) claims have led to an increasingly competitive environment for public company D&O.

In the last quarter, average premium reductions were ~10% among our client portfolio, and larger decreases and coverage enhancements were negotiated for quality risks if there was strong competition for places on the program.

The premium relief for D&O insurance has certainly been welcomed by buyers, driven largely by new local and offshore market entrants in the last 12 months, creating competitive tension against existing providers. Despite lower prices, carriers continue to cautiously underwrite public company market D&O insurance.

## Examples of current D&O underwriting issues:



- **Environmental, Social, and Governance (ESG) issues** are driving the biggest changes to financial reporting and disclosure standards in general. A recent example of this is the Australian Securities and Investments Commission's (ASIC) action against ASX-listed Tlou Energy for alleged carbon footprint misstatements
- **Cyber risk management relating to D&O concerns.** The cyber-attacks targeting Optus, Medibank and Latitude, for example, made underwriters extremely cautious
- **Cash flow management** is a key issue, as the ability to access traditional debt markets has been tightly constrained
- **Inflation and recessionary pressures** have impacted overall costs and shareholder value
- The **backlog of securities claims** could have a higher-than-average cost and impact future capacity management and pricing



In the last quarter, average premium reductions were ~10% among our client portfolio.

Cyber security issues are now seen as a critical responsibility among business leaders and cyber risks continue to be ranked among the top concerns for company directors. Cybercrime has escalated in frequency and severity over the last several years, with predictions it will cost around \$10.5 trillion annually by 2025. The Australian Prudential Regulation Authority (APRA) recently put boards on notice, stating directors and officers are ultimately accountable for operational risks. The revised standard CPS 230 flagged the need to sharpen oversight of accountability for cyber breaches. The effective date of the new standards has been extended to July 2025.

Putting the above considerations to one side, the insured's market cap and historical pricing levels — as well as the industry, loss experience, location, financial health, investor profile, the experience of the board, the basis for profit guidance metrics, and other individual account characteristics will continue to have a substantial impact on public company D&O renewals.

For private company D&O, rates remain stable with pricing terms and conditions staying the same or reducing slightly.



# Financial Institutions

The Financial Institutions (FI) insurance sector has remained stable notwithstanding broader financial market underperformance. Despite geopolitical economic challenges – the war in Ukraine, inflation, supply chain disruptions, and soaring interest rates, the insurance market has remained buoyed by strong capacity. Offshore markets have been broadening their risk appetite and sharpening their pricing and introducing a lot more competitive tension into the Australian market.

Like last year, insurers remain cautious due to the overall state of the economy. The weak business investment and restrained consumer spending have contributed to negative returns for many large investment funds. This has resulted in insurers exercising even stronger due diligence.

Misrepresentations of ESG Fund credentials have become a more prevalent risk exposure. Actions by ASIC against Mercer Superannuation and Vanguard Australia for alleged greenwashing are just two recent examples of growing scrutiny.

## Examples of current FI underwriting issues:

- **Funds with heavy allocations to the tech sector have been closely scrutinised** given the large valuation impairments
- **Insureds with Corporate Authorised Representatives (CARS) have been reviewed with more caution**, especially in the Fintech space
- **ESG-related liabilities**, namely misrepresentations of ESG Fund credentials have become a more prevalent risk exposure. Actions by ASIC against Mercer Superannuation and Vanguard Australia for alleged greenwashing are just two recent examples of growing scrutiny
- As lending criteria for banks have been subject to tighter controls, we have seen an influx of alternative capital into the private debt and distressed asset space. **Underwriters are highly cautious when offering cover to credit funds**, preferring diversification over exposure to one underlying asset. This is particularly noticeable for commercial property



## Cyber



Particularly in the past quarter, there have been significant changes in the dynamics of cyber insurance. There was an initial period of disruption characterised by a deteriorating loss environment, limited insurance capacity, increased global demand, and a major pricing correction. The market conditions are now stabilising due to improved underwriting results. Pricing has either levelled off or decreased in Australia and other regions globally, limits are increasing, and competitive forces are leading to more customised underwriting decisions.

The turnaround can be attributed to enhanced cybersecurity measures and the initial impact of the Ukraine conflict, which resulted in decreased ransomware activity. However, recent developments show a reversal in this trend. Risk transfer has played a crucial role in promoting stronger risk controls, thanks to insurers' strategies for deploying their capacity.

**Policyholders are reaping the benefits of stronger cyber resilience. Despite the significant increase in ransomware activity in 2023, underwriting performance is holding up relatively well.**

Moreover, existing insurance providers are looking to expand their capacity deployments, supported by the entry of new players.

Ransomware is expected to remain a prominent factor in cyber losses in 2023. After initial signs of a rebound in ransomware frequency during the fourth quarter of 2022, the first five months of 2023 have seen a notable surge in cyber attacks.



The pandemic revealed how borderless and non-physical threats can escalate losses quickly. Notable cyber incidents such as WannaCry, NotPetya, SolarWinds, Microsoft Exchange, Colonial Pipeline, Kaseya, Log4j, and the recent MOVEit hack underscored the potential for systemic losses. Although the insurance market handled these incidents, it emphasises the need for companies to manage supply chain risks effectively.

**Companies have made significant investments to reach this point, resulting in stronger cyber defences that reduce vulnerability to prolonged disruptions and significant losses in the event of a breach.** If the current growth trends continue throughout the decade, considering the high global demand and the increasing market capacity, the Gross Written Premium (GWP) in the cyber insurance market could surpass USD 50 billion by 2030. This would rival the scale of other major Property and Casualty (P&C) lines of business-like Directors and Officers (D&O) insurance.

**Conditions in the cyber reinsurance market specifically have relented this year,** with pricing stabilising after a period of significant hardening. By 2030, a substantial boost in supply is needed to meet the escalating demand, despite notable advancements.



# STRATA

---

Premium increases are being impacted by inflationary pressure on claims, increasing valuations of buildings, and insurers applying rate increases following prolonged periods of losses.



## Strata



FY24 has commenced with strata insurance premiums continuing to increase nationally by approximately 15 -20%. Premium increases are being impacted by inflationary pressure on claims, increasing valuations of buildings, and insurers applying rate increases following prolonged periods of losses. These increases in premiums include buildings that are classed as low-hazard commercial occupancies, or properties **without** a challenging claims history, outstanding defects, or combustible cladding.

There are limited options available for medium-high hazard commercial properties, properties with outstanding defects, a challenging claims history, combustible cladding, or those requiring coverage exceeding \$50M. As such, we are seeing higher premiums as well as excess increases. **Depending on the details provided in the submission, particularly regarding defects and cladding, we may need to explore international insurance markets** where premium increases of over 100% are common. This means it is essential for strata managers and owners to work closely with their insurance broker, taking a proactive approach to address any existing issues and providing regular and detailed updates to help secure local coverage.

**Nevertheless, we have observed occasional reductions in premiums for the desirable 'vanilla' risks in preferred locations.** New entrants and the return of some underwriting agencies have allowed us to approach more markets and optimise terms for our strata clients.

## Underinsurance & Valuations

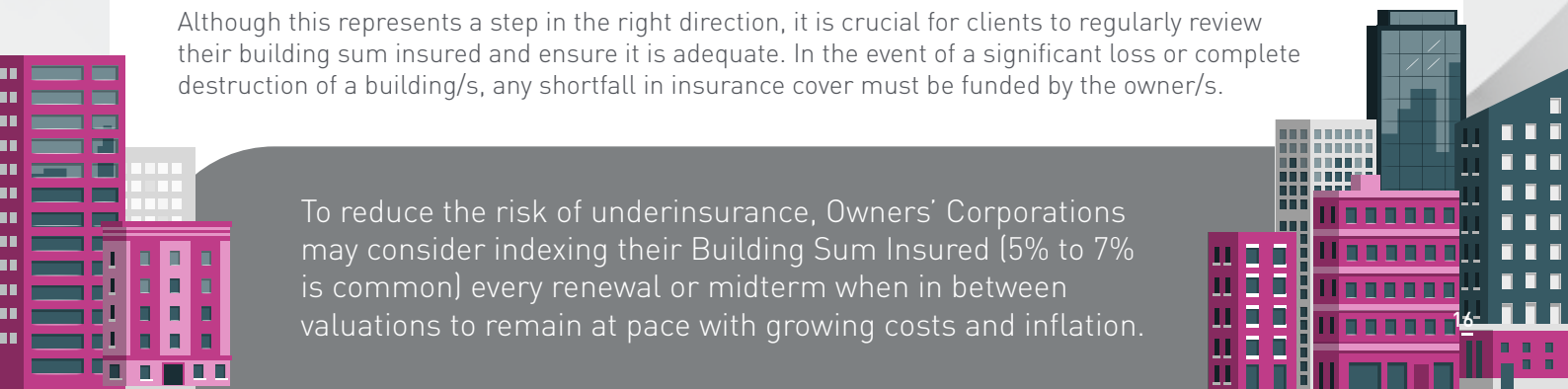


**Escalating costs associated with construction materials have raised concerns around underinsurance in strata properties** as the insured value may not be sufficient to accurately reflect the actual cost of rebuilding the property to its pre-loss condition. The building sum insured should always allow for the building to be returned to its condition prior to the insured event, including all associated costs (e.g., the value of demolition work, removal of debris, surveying, engineering, architectural fees, etc.). A professional valuation of all insured property should be obtained by a certified valuer where possible.

In Victoria, the most recent amendment to the Strata Legislation the 2006 Owners Corporations Act on 1 December 2021 made it a legal requirement for an Owners Corporation (more than two lots) to have an Insurance Valuation completed every five years. This change in Victoria is in line with Queensland's legislation, stating the Body Corporate must, at least every 5 years obtain an independent valuation. Other states have the same or similar requirements, so be sure to refer to the relevant legislation for your state/territory.

Although this represents a step in the right direction, it is crucial for clients to regularly review their building sum insured and ensure it is adequate. In the event of a significant loss or complete destruction of a building/s, any shortfall in insurance cover must be funded by the owner/s.

To reduce the risk of underinsurance, Owners' Corporations may consider indexing their Building Sum Insured (5% to 7% is common) every renewal or midterm when in between valuations to remain at pace with growing costs and inflation.



Insurers price each risk at the time of policy placement with the insurable values being one factor considered. With the cost of materials increasing and Insured Value remaining the same for several years, the premium collected at renewal may be well below the actuarial modelling predictions. In the event of a claim, the base premium on a policy can be quickly eroded by claims expenses as well as the policy commission. Therefore, the profit margin is very thin or non-existent. As such, **insurers are continually increasing base premiums or reluctant to quote properties without a recent insurance valuation or change to the insured values.**

Whilst the Cyclone Pool is available Australia-wide, it will have the biggest impact on those located in cyclone-prone areas where it is difficult to source or afford adequate coverage for these events".



## Cyclone Reinsurance



Three of the four major insurers, Allianz, QBE, and Suncorp have now joined the Australian Reinsurance Pool Corporation (ARPC) Cyclone Pool. Strata underwriting agency CHU (backed by QBE Insurance) will join from July 29, 2023. SURE Insurance (representing Liberty Mutual Insurance Company and other insurers) has also joined. All large and small General Insurers (as defined by the pool) will participate by December 31, 2024. **The primary objective of the Pool is to enhance the accessibility and affordability of insurance for households and small businesses in cyclone-prone areas across Australia.** ARPC can absorb large losses and provide finance over a longer period than insurers. When preparing for weather events such as cyclones, insurers must increase the premium to account for these incidents.

### Who qualifies for the ARPC Pool?



**Residential Strata:**  
Properties used for residential purposes between 50-100% of the time.



**Commercial Strata:**  
Properties that are used for commercial purposes with a combined building sum insured and common area contents value that does not exceed \$5M

Catastrophic events covered by the Pool includes named cyclones and any cyclone-related flood damage, including wind, rain, rainwater, rainwater runoff, storm surge **(if the existing policy provides this cover)**, and riverine flooding caused by a cyclone. The Cyclone is covered from the moment it is announced, causing damage as it approaches land. If the Cyclone occurs over days or weeks, it will be included in the Pool. It is important to note cover stops 48 hours after the Cyclone is declared ceased.

Whilst the Pool is available Australia-wide, it will have the biggest impact on those located in cyclone-prone areas such as Northern Australia where it is difficult to source or afford adequate coverage for these types of events. **The impact on premiums will vary depending on the location, however, CHU has indicated savings of up to 37% can be expected for properties in highly exposed cyclone areas in Northern Australia.** It should be noted that the underwriting methodology used by the Pool has not been released. Reductions in premiums are not assured and underwriting rates and performance of the scheme will be followed closely in the coming months and years.



# REAL ESTATE SOLUTIONS

---

“The Professional Services Industry was the source of over 32% of all global Cyber Claims in FY23, so while a small number of real estate agencies continue to self-insure, there is no room for complacency”.





Q4 FY23 saw a significant increase in the volume of renewals for our Financial Lines products, with a large proportion of the industry Professional Indemnity renewals taking place in the month of June. This year saw **continued support from our real estate Professional Indemnity partners, with premiums remaining steady for most of our clients.**

Professional Indemnity for commercial property managers, particularly those with turnover exceeding \$15M, remains challenging. This is largely due to the increased frequency and severity of Bodily Injury claims. Many insurers have limited appetite for comprehensive policies for this sector – particularly if shopping centre management activities are also undertaken. It is common to see restrictions in coverage or higher excesses at this level. Whilst there are underwriting agencies and insurers who will offer terms for these clients, a comprehensive review of the wording is required, as coverage may provide restricted protection against specific risks associated with these activities – particularly in relation to Bodily Injury coverage.

The Commercial Property insurance market is tracking similarly to Commercial Strata, with tenancy hazard rating and claims history having a significant impact on premiums. **High-hazard tenancies – such as manufacturing, recycling, and high-hazard storage are at the mercy of insurers' limited appetites** with only a small amount of capacity available in the local market.

## Cyber Insurance



**Cyber Insurance within the Real Estate sector continues to be a hot topic, with premiums remaining relatively steady, dependent on the risk mitigation measures in place.** Social engineering fraud and business email compromise scams continue to be the most common cyber threats for small-to-medium enterprises (SMEs) which are often followed by Funds Transfer Fraud (FTF) attacks, with significant losses occurring in these areas. Insurers' minimum requirements for cyber security have increased significantly over the last 12 months, in an effort to mitigate the impact of these attacks. According to Chubb, the Professional Services Industry was the source of over 32% of all global Cyber Claims in FY23, so while a small number of real estate agencies continue to self-insure, there is no room for complacency.

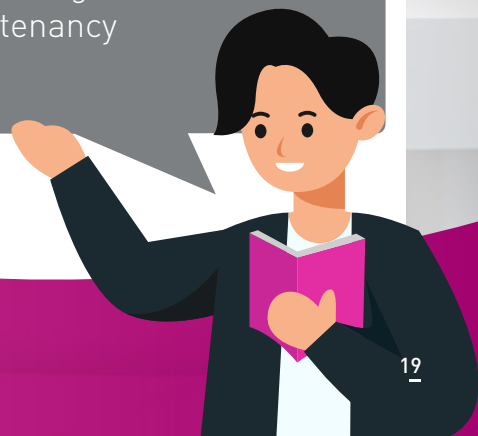
## Looking Ahead



Higher costs of living at present are encouraging more consumers to rate or check the coverage on their policies.

Seeking alternate insurers for more competitive premiums across any policy type should be approached with caution and a full policy wording review.

Given the strong rental market, we encourage landlords to review the rental limit set within their policies, ensuring it reflects the current tenancy agreement.





## WORKERS' COMPENSATION

---

While most employers have digested the impact of premium increases across VIC and NSW, they are not out of the woods yet. The reality is that these schemes are continuing to deteriorate, and we expect to see premium rates increase into FY25.



## Key insurance outtakes from Q4



For those who missed our update, premium rates have increased by 42% in Victoria with the second highest impact on premium rates seen in NSW. As VIC and NSW renewal invoices are now being released, most employers will see these increases reflected in their invoices if they have not yet been provided premium projections by their insurer or broker.

Upfront discounts remain available with payment by instalment across these states. Alternatively, premium funding can be organised.



## Industry insights for Q1



Now that 30 June has passed, employers will need to consider each state/territory's requirements to finalise the lodgement of their actual wage declarations for FY23 and close out any pending FY24 estimate confirmations. It is not too late to amend FY24 estimates if needed.



Premium rates have increased by 42% in Victoria with the second highest impact on premium rates seen in NSW."

## ARRANGEMENTS BY STATE/TERRITORY

Task	VIC	NSW*	QLD	SA	TAS, NT, ACT & WA
Declared prior year FY23 remuneration (wages) due	27 Oct	31 Oct	31 Aug	15 Sept	31 July
Date premium renewal documentation should be released by Insurer	14 Jul	19 Jul	31 Aug	15 Sept	NA
Are premium discounts available?	Yes	Yes	Yes	No	No
Due date for annual insurance premium payment (discounted by 5%).	14 Aug 23	31 Jul 23 (Small Business Only)	14 Sept 23	NA	NA
Due date for annual insurance premium payment (discounted by 3%).	1 Oct 23	31 Jul 23 (Medium to Large Business)	14 Sept 23	NA	NA
Final premium due date (0% discount)	Instalment plan will be arranged if not paid by 1 Oct 23	Instalment option automatically provided	30 Sept	6 Sep 23	
Due date for Premium Funding to be agreed	14 days prior to 15 Aug 23	14 days prior to 31 Jul 23	14 days prior to 14 Sep 23	14 days prior to 6 Sep 23	

## Developments to watch over FY24



While most employers have digested the impact of premium increases across VIC and NSW, they are not out of the woods yet. **The reality is that these schemes are continuing to deteriorate, and we expect to see premium rates increase into FY25** (which has already been confirmed for NSW). Therefore, effective claims management will become even more crucial to limit premium increases into FY25. Here are some key areas to consider:



### Tail claim management

These claims are often the hardest to manage due to the complex nature of the injuries, with factors such as secondary psychological impacts and/or employer-employee relationship breakdown often the driving force behind deteriorating claims performance and the scheme more broadly. While it is tempting to dismiss these matters as “too hard”, it is important to maintain regular check-ins and continue to develop clear strategies with insurers to help optimise outcomes.



### Robust strategy

As an employer, if you are not across the management strategy of your claim and working closely with your Claim Agent/Broker then there is likely room for improvement. Clear and transparent strategies should be implemented not only to benefit the worker's sustainable return but also to ensure consistency throughout the claim's life cycle. Key stakeholders must all be held accountable in this process.



### Risk mitigation

“Prevention is better than cure” is the best approach to reducing your workplace risk exposures. **If you do not know what your business' key risk exposures are, then it is time to start delving into your claims performance and incident reports** to understand what is causing incidents and injuries and develop strategies to mitigate your risks.

SafeWork Australia, in addition to your insurer and even your broker, can provide benchmarking data or trend reporting to help you make a start and support your risk management strategy.



### Understanding future premium performance

If you are an employer with deteriorating claims performance, the reality is your premiums (specifically in VIC & NSW) will continue to increase substantially. If claim costs are set, then it is wise to take a close look at your premium calculation breakdown and how you will be placed for FY25 to help minimise bill shock. Both your insurer and broker can assist you with this process.

# HONAN ON THE MOVE

The work, skillsets and opportunities are endless, and I'm always struck by how passionate the professionals in this industry are

Having previously worked in a variety of communication, project and general management roles, Simon Johnson's entry into the world of insurance wasn't straightforward. Life circumstances led to a career change, some consulting at Honan, and eventually to his current role as Head of BRIC. We recently sat down with him to learn more about his career journey to date, the goals he has set for himself in FY24 (both personally and work-related), and what most surprised him about the insurance industry.



HONAN

## ON THE MOVE

SIMON JOHNSON

Head of BRIC

**Honan.**  
Insurance. Advice. Support.



**Q1**

Welcome Simon, and thanks for stepping into the Honan Careers Spotlight!  
First things first, let's start at the beginning... as a child, what did you want to be when you 'grew up'?

I wanted to be an opening batter for the Australian cricket team. As a child I would play cricket every night after school for hours. I've always loved sports because of the competitive nature and process of trying to get better every day.

**Q2**

Tell us about your career journey – what led you to where you are now?

I studied business at university, choosing a course that had the option of a year's work experience as I felt I'd benefit from that. I landed a role at Mercedes-Benz Australia and stayed on for another 20 years in a variety of communication, project, and general management roles, including running the corporate office for a number of CEOs. It was an insightful experience, seeing how a board goes about running a company and driving high performance.

Life circumstances led to a career change, some consulting at Honan, and eventually to my current role.



**Q3**

You're currently Head of BRIC covering domestic construction risk and overseeing Honan's Transport & Logistics division, including ATIA. What does 'success' look like to you in your role?

To me, success is working together as a team and pushing in the same direction, striving for excellence. It's when our clients recommend us to their friends and family, because they believe in the value we provide. We are nothing without our clients so it's our top priority to ensure our clients are well-served and satisfied.





Q4

In the scheme of career progression, what is one of the most challenging obstacles you've come up against? How did you overcome it?

In the insurance game, relationships are everything throughout the value chain. Coming from a different industry and not having these relationships has been a challenge at times. Thankfully, Honan has a team with excellent, long-term relationships. I've been lucky that many Honan colleagues have been generous in welcoming me into these networks.

There is a lot to know about insurance, and that knowledge naturally takes time to build. I've had to start from scratch and step out of my comfort zone, but that's been totally worth it – I have fantastic colleagues and a strong team.

Q5

What's one work-related goal and one personal goal you have set yourself to accomplish in FY24?

At Honan we have a long-established capability and team in Transport and Logistics, which was further strengthened last year when Honan acquired ATIA (Australian Transport Insurance Agency). In 2023 our aim is to bring the skills, experience, and passion of both teams closer together because there is a lot to be gained in our joint capabilities and intellectual property, for our clients and business alike.

My personal goal is to finalise the renovation plans for my 100-year-old Edwardian home – it's the ugly duckling of the street, but a diamond in the rough.

**Q6**

**Coming from a totally different industry, what is something that has surprised you about the insurance industry?**

How diverse the work, skillsets, and opportunities are in insurance. I have been surprised by how much there is to know and how closely you can get to know a client's business. The value that a well-thought-out risk transfer solution can add to a business's success and sustainability is amazing. I'm always struck by how passionate the professionals in the industry are about what they do and achieving results for their clients.

**Q7**

**Magic happens when organisational and personal purpose collide. What is it about Honan that keeps you coming back each day?**

Our people and our clients! It's the continuous challenge and opportunities that come from asking ourselves what's working well, what can we improve, and then going about trying to bring that to life.

**Q8**

**What is the biggest risk you've ever taken, and did it pay off? Can be work-related or not**

Changing careers was a risk but it's probably in my private life that I have a higher risk tolerance. Mainly in respect to physical pursuits, where I've taken on decent endurance challenges over the journey – surf and adventure racing and wilderness hiking. They're probably more adventurous than risky, but they do have moments both in preparation and in the physical acts that require you to deal with risk. Like everything, you can manage it by putting in the work and developing a can-do, solutions-based mindset. There's an exhilaration to eyeing off a challenge and finding a way to get it done.

**Q9**

**What piece of advice would you give someone that is considering a career move to change industries?**

Be open to it! There are without doubt valuable transferable skillsets across industries. And having a positive attitude goes a long way. You learn a lot and will grow both professionally and personally.

However, there's no substitute for time and experience in an industry, particularly the relationships you build. So don't underestimate the work required, nor undervalue the knowledge and networks you already have in your current industry.

**Q10**

**Which of your personality traits are you most proud of and why/how does it influence you in your professional life?**

My work ethic, tenacity, and ability to get along with most people. I believe you get out what you put in. This mindset helps me to get things done; to keep pushing and striving.

MELBOURNE | SYDNEY | BRISBANE | PERTH | ADELAIDE | DARWIN | NEWCASTLE | AUCKLAND  
SINGAPORE | KUALA LUMPUR

 [Honan LinkedIn page](#)  [Honan News Hub](#)

**honan.com.au**

Honan Insurance Group Pty Ltd ("Honan") ABN 67 005 372 396, AFSL 246749.

Any advice in this brochure is general in nature and does not take into account the particular needs or circumstances of your business. Insurance cover is subject to policy terms, conditions, limits and exclusions.