

The Rosser Roundup

NEWS, VIEWS AND OPINIONS ON INSURANCE AND BUSINESS

ROSSER

“If people like you they’ll listen to you, but if they trust you they’ll do business with you.”

- Zig Ziglar



Murray Rosser
Managing Director

View from the top

Dear Broker Partner,

Most New Zealanders were generally fortunate enough to be able to celebrate Christmas and New Year festivities in a relatively relaxed Covid-19 environment. I trust you had an opportunity to enjoy our remarkable summer weather with family and friends and to recharge your batteries ready for the challenges of 2022.

The first of those challenges has arrived too – and a little earlier than most of us anticipated. The emergence of Omicron has resulted in the entire country operating in “Life at Red” under the government’s traffic light Covid management system. Vaccination, mask wearing and physical distancing are the principal defences against the virus.

I am pleased to reconfirm that, in accordance with our company policy, all our front-line team members who may interact with you at your office or elsewhere, are vaccinated against Covid-19.

Climate Change

It was alarming to read in this month’s page 2 article from the Insurance Council, that weather-related claims soared last year to a record high of **\$321 million**. This total beat the previous 2020 record by almost \$50 million.

Flooding and windstorm events create not only financial havoc for businesses and households but also a great deal of personal and community distress. There are challenging times ahead for all New Zealanders in managing and mitigating climate-related risks. Insurance is only a small, but important, part of the picture.

Economic Battles

In his article on page 3, Cam Bagrie highlights some key issues to watch for this year – including Covid (of course), inflation, labour market dynamics, commodity prices and housing.

Looks like 2022 will be another “interesting” year. I trust it goes well for you.

Warm regards
Murray

31 January 2022

In this month’s edition

- P2 Weather-related claims at record high**
ICNZ reports on 2021 claims experience
- P3 Some battles to watch in 2022**
Cam Bagrie flags areas for concern this year
- P4 Same team – new titles**
Rosser’s BDMs become UDMs
- P5 Covid mandate breaches**
Does Stat Liability cover the risk of fines & costs?
- P7 New SurePac Property policy wordings**
Our new wordings are now available online
- P8 Broker in the spotlight**
Featuring Sandy Hall – Account Manager at ICIB in Auckland
- P9 SurePac Support for Sport donation**
This month’s \$1,000 donation winner
- P10 Rosser’s Risk Appetite**
Updated schedule of our 2022 risk appetite

Weather-related insurance costs hit record high

2021 extreme weather claims exceed \$320m.

Weather-related insurance costs hit a record high in 2021 at \$321.6m, beating the previous record, set in 2020, of \$274m.

Insured losses are only part of the picture. Taking under-insured and uninsured losses into account, total economic losses may be twice this level. As such, total climate related combined losses for 2020 and 2021 are likely to exceed \$1 bn.

Aside from the high, and growing, immediate financial costs of these events, they bring widespread and long-lasting social, environmental and economic disruption.

Grafton said the 2021 record total for weather-related claims under-lines the importance of insurance to Aotearoa New Zealand.

"While taking out insurance helps consumers both price and manage their own risks, doing so does nothing to actually reduce the risk of being impacted by an extreme weather event. To do that, Aotearoa New Zealand must invest in making itself more resilient," he said.

"Risks must be reduced by investing in adaptation measures such as flood defences.

In some cases, honest conversations will have to be held around managed retreat and where homes, businesses and community assets, such as roads and three waters infrastructure, are built and maintained."



Gale force winds and storms in September 2021 resulted in insurers supporting communities to the tune of \$36.5m.

In total, the September storms, which affected large swathes of the South Island and the Canterbury region in particular, resulted in 4,346 claims comprising mostly of domestic (2,360), commercial (1,337) and motor (583).

The average house claim exceeded \$4,000 while storm damage to motor vehicles led to many written-off with average claims running at \$10,870.

"Society needs to take a long view to climate risks. Householders, community groups, Iwi, businesses, farmers and insurers all have a role to play.



Tim Grafton
Chief Executive
Insurance Council of New Zealand

"However, much of this mahi, and cost, will fall to central and local government to ensure there is the right legal framework and investment in place to manage these risks over the decades ahead. This will be a multi-decade, multi-billion dollar process.

"The reduction of risks through investment in resilience is central to maintaining both the affordability and availability of insurance, added Grafton.

"In that way, we can ensure that when the worst happens, insurers are there to help put householders, businesses and communities back on their feet."

Major weather-related claims events this year included:

- Late May's Canterbury flooding (\$46 m)
- June's South Auckland tornado (\$32 m)
- July's flooding event affecting the upper South Is. and lower North Is., including Westport and Wellington, (collectively \$140 m)
- August's Auckland flooding (\$62 m) and
- September's South Island windstorms (\$36.5m)

Some battles to watch in 2022

Economic commentary from **Cameron Bagrie**

The first is the Covid battle.

It feels like we are in the eighth round of a fifteen round boxing match. There are different views on Covid or the variants' persistence, but attention needs to shift to the enduring impact and the trade-offs between the economy, health, and mobility.

New Zealand remains in a unique position, though for how long remains uncertain. Health and mobility restrictions carry ongoing economic costs.



Cameron Bagrie
Managing Director & Chief Economist
Bagrie Economics



The second is inflation. It is here and is not being driven just by temporary supply chain issues. Demand is outstripping available supply and the economy is operating beyond its available capacity, an elixir of price rises.

Containing inflation is not growth friendly. The Reserve Bank has lifted the Official Cash Rate twice, signalled a lot more and fixed mortgage interest rates are now higher than they were prior to Covid turning up.

Other central banks are becoming more alert to the persistence of inflationary pressures too. Asset prices could be in for a rocky 2022 with risk-free interest rates (long-term bond yields) on the rise.

Taming inflation in New Zealand could be challenging. The government continues to pour vast amounts of money into the economy adding to demand. Household wealth has risen around \$800 billion in the past two years, creating a freight train of impetus to spending. Baby-boomers are starting to spend.



Labour market dynamics have shifted, with workers now in the driver's seat given huge resourcing problems.

The battle for the economic spoils is intensifying, with border restrictions, under-investment in people, and the likes of population ageing, causing acute staff shortages and driving up wages. Climate change adds to costs.

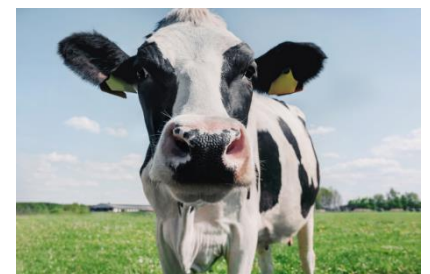
Boosting the anaerobic capacity of the economy to grow needs to be a strong focus.

Demand is the sugar-candy line. Supply and the capacity to grow year after year is the key line for living standards. Covid is not helping and throwing distortions into the mix, but policymakers need a ruthless obsession with improving supply.

We have a 3.4 percent unemployment rate but 40,000 more people on a benefit than pre-Covid. Questions need to be asked.

Some initiatives such as the supermarket inquiry have been welcome. Roll on the building industry next.

Farmers are basking in the high commodity price sun at present but farming faces production constraints going forward.



It is not obvious what sectors will step up as replacements for growth we used to get from the likes of the dairy sector. Tourism faces a long journey back.

Some battles to watch in 2022 – Continued

Will the fundamentals rein in the housing market? The median house price is now eleven times the median income. Interest rates are up – a lot, and look set to continue to rise. Tax changes mean investors need higher yields. Credit is harder to get.



Building consents are running at 50,000 per year and population growth is 30,000, meaning housing shortages are being eaten into rapidly. It all points to a turn in the housing market and my eyes are on Auckland in particular. Inflation might dampen the hit.

Embracing the long game is another battle. Short-termism and the pursuit of near-term profit, or shareholder dictated capitalism has been a plague and needs to be stamped out.

Stakeholder capitalism is the new norm. It personifies looking after people, being community connected, focusing on long-term value creation, and considering stakeholders beyond shareholders. This battle is taking time to embed. Markets remain fixated with the near-term earnings cycle.



Addressing issues such as climate change require the shift and businesses accepting the importance of their social license to operate, which is operating within a set of norms accepted by society. Capitalism is still the right model, just expressed within a long-term horizon.

The last battle is for balance. I mean better balance between the economic and the social ledger. Weak social metrics (unaffordable housing, high social housing wait lists, child poverty, declining school attendance) undermine the economy. A strong economy is needed to deliver on social metrics. Well-being needs an economic base.



Cracking that nut requires more government involvement, which we are seeing. However, that involvement is not just about throwing heaps of cash at things.

We need results. The jury is out on whether we will see them. Spending needs to be targeted and effective.

While Bagrie Economics uses all reasonable endeavours in producing reports to ensure the information is as accurate as practicable; Bagrie Economics shall not be liable for any loss or damage sustained by any person relying on such work whatever the cause of such loss or damage. The content does not constitute advice.

Same team, new year, new titles



Kieran McCormack
National Underwriting
Development Manager

Rosser's Business Development Managers (BDMs) are kicking off from the 1st of February with not only renewed enthusiasm for the new year but also, new titles.

Kieran McCormack was promoted late last year to National Underwriting Development Manager and from February, his team members become **UDMs – Underwriting Development Managers**.

"Rosser's primary function and focus is underwriting, so it's appropriate that our frontline team titles reflect this to the broker market," said Kieran. "We are looking forward to an active year in 2022 and while our team titles are new, our emphasis on fast, friendly service and quality underwriting remains unchanged."

Covid mandate breaches

Am I covered?

Legal article by **Richard Flinn**

The Christmas period saw the first examples of enforcement action against businesses who have failed to comply with New Zealand's Covid-19 protection framework.

Does statutory liability insurance cover the risk of Covid-related fines and costs? In most cases, probably not.



Richard Flinn

Partner

Wotton+Kearney, Wellington

At the time of writing, WorkSafe has dished out fines totalling \$164,000 to six businesses for breaching the rules. All of New Zealand is now in Red.

New restrictions are being added. Enforcement action will increase.



The regulatory response to Covid is governed by the COVID-19 Public Health Response Act 2020 and subordinate legislation (**Covid Protection Framework**). The primary offence provision is in section 26 of the Act. There are two categories of offences:

- Infringement offences (s26(3)). These can be unintentional breaches. They include breaches of MIQ rules, employment of unvaccinated staff contrary to a mandate, or failure to check vaccine certificates when required.
- Intentional non-compliance of any Covid-19 order (s26(1)). Breaches can be prosecuted in a criminal proceeding and attract a sentence of imprisonment of up to 6 months, or a fine of up to \$15,000.

WorkSafe could also consider enforcement action under the Health and Safety at Work Act 2015 (**HSWA**), against any PCBU that has failed to take all reasonably practicable steps to ensure the health and safety of workers or members of the public.

Insurance will not respond to cases of intentional non-compliance. That rules out any cover for the more serious breaches under s26(1). Most statutory liability policies will expressly exclude cover for liability arising from deliberate or reckless conduct.

Even if there is no such exclusion, it would be a breach of public policy (and probably the fortuity principle) for a policy to respond to liability for the natural consequences of the insured's own deliberate commission of an offence.

That leaves unintentional non-compliance under either the Covid legislation or HSWA. Under s29 of that HSWA, fines handed down for breaches of that Act may not be indemnified, though defence can be covered. The following areas of liability remain amenable to insurance:

- infringement fees under the Covid Protection Framework that arise from unintentional breaches; and
- defence costs relating to breaches of either the Covid Protection Framework or HSWA.

Cover will vary from policy to policy. Some stat policies exclude liability for infringement fees altogether. Others policies may not capture liability under the Covid Protection Framework within their "Included Acts".

Continued...

Covid mandate breaches (continued)

Most of the breaches reported on to date appear to relate to deliberate offending. For example, last week Lone Star New Lynn was fined for employing unvaccinated staff and failing to check My Vaccine Pass compliance.

In that case, the owners had made a deliberate choice not to enforce the mandates. While the decision may have been made out of earnestly-held principles, it was nevertheless a deliberate breach of the regime, and the resulting losses are therefore not able to be indemnified

WorkSafe's current policy is to pursue an "education first" approach to Covid compliance.

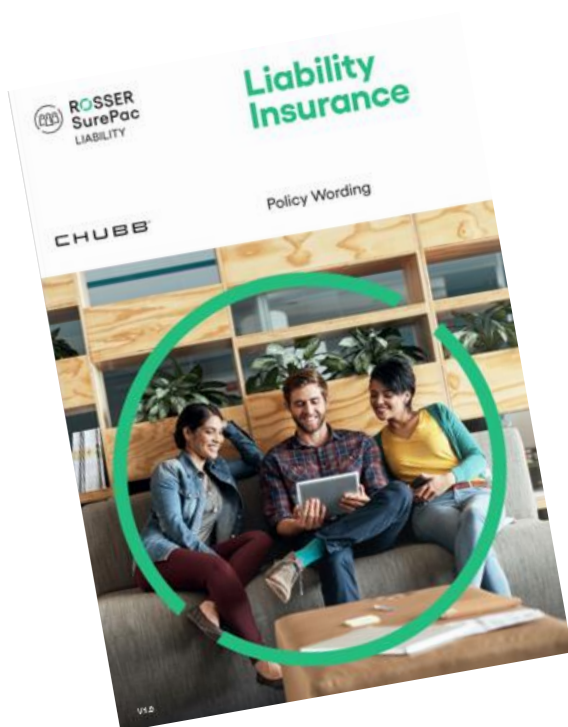
This implies that, for the time being at least, it will only be repeat offenders who are subject to infringement fees or prosecutions. They may have difficulty convincing their insurers that they are entitled to be indemnified for the reasons discussed above.

It is conceivable that, in the future, WorkSafe or the Police could begin to take a more robust approach to enforcement that captures inadvertent breaches of the rules.

Unless and until that occurs, Covid-compliance-related liabilities may not trouble statutory liability insurers much at all.



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ROSSER We've got you covered

New SurePac Property policy wordings now online

A revised MD/BI policy wording for Rosser's SurePac Property-UK (Lloyd's facility) is applicable to all brokers for both new and renewal business from **1 March 2022**.

A revised MD/BI SurePac Property (Chubb) wording also applies from **1 March 2022** to all property business transactions by independent brokers (non-corporate and non-cluster group members).

Policy documents now online

Our new SurePac Policy wordings, released recently via email, are now available to access and download from the [FORMS](#) page on our web site.

- A summary of the wording changes (and the Policy Schedule) is available [here](#).
- The SurePac Property-UK (Lloyd's facility) policy wording which is applicable to all brokers is available [here](#).
- The SurePac Property (Chubb NZ) wording for independent brokers is accessible [here](#).

Plain English Wording

Insurance policy wordings can often be difficult for Insureds (and brokers) to navigate.

They are legal documents so must be technically correct to reflect the intended coverage in face of any litigation through the courts. It is also a requirement that Rosser's policy wordings are clear and unambiguous.

Balancing these criteria is challenging. However, we believe that our rewritten and redesigned Surepac Property policy wordings achieve these objectives by using a well laid out structure and plain English language.

Clear sections within the policies

The policy documents were drafted with clarity in mind and contain sections making it simple to locate and identify the cover available.

1. About the Policy

- Covers all regulatory and compliance Disclosure statements

2. Section A – Material Damage

- New operative clause
- Maximum Amount Payable
- Basis of Settlement

3. Standard and Automatic Extensions

- Rewritten Extensions

4. Section B – Business Interruption

- New operative clause
- Maximum Amount Payable
- Insured Items
- Revised Contingent Business Interruption Section
- Rewritten Standard and Automatic Extensions

5. Policy Exclusions

- Rewritten policy Exclusions

6. General Conditions

- Claims and General Conditions

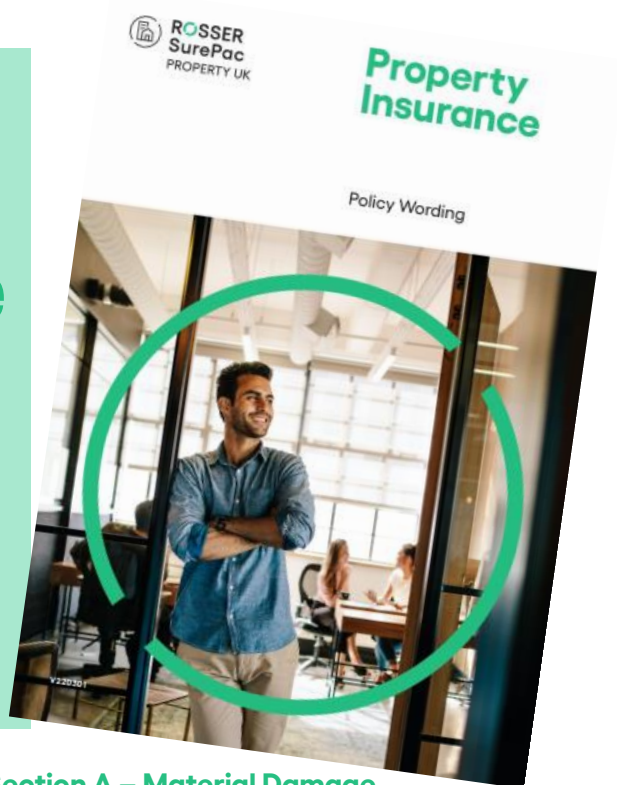
7. Definitions

- All Policy Wording definitions are in the one area

8. Endorsements

- Asbestos Exclusion, Communicable Disease & Cyber And Data Endorsements

Please contact your Rosser Underwriting Development Manager if you have any questions about the new wordings.



Broker in the spotlight

Sandy Hall started her insurance career at NZI in 1985 and then held Claims and Domestic and Commercial Underwriting roles with various insurance companies. In 2002, deciding to jump the fence and enter the broking world, Sandy joined Lloyd East & Associates, which was sold to ICIB in 2017.

In her role as an Account Manager at ICIB, Sandy has been dealing with the majority of her clients for almost 20 years and her philosophy is “set out to have the client for life”.

Sandy has three children, twins (boy and girl) aged 22 and an older son aged 27 – all of whom have moved away from home. “The house is quieter and it’s much easier on my wallet,” says Sandy. She now lives with her partner and two very spoilt cats.

Outside work Sandy enjoys walking the beaches around the Hibiscus Coast, catching up with friends, fishing and watching food programmes on TV. She also has a small sideline making eggplant chutney, which she sells, to friends and colleagues who she claims are addicted to it!



Sandy Hall
Account Manager
ICIB - Auckland

How did Covid lockdowns impact you? *During the lockdown, I felt I was a prisoner in my own home. When the shops reopened, I asked my partner to drive me because I felt anxious about crowds and traffic.*

What is one professional skill you’re currently working on? *My Level 5 Financial Services. It is hard going back to studying after a long time.*

If I hadn’t joined the insurance industry, I would probably have been a ...*Radiologist.*

What is your motto or personal mantra? *Rome wasn’t built in a day.*

My favourite quote is... *“Life is a challenge, meet it! Life is a dream, realise it! Life is a game, play it! Life is love, enjoy it!” It’s from Sai Baba.*

A movie I enjoyed recently was... *The latest James Bond movie “No time to die”. David Craig is a fantastic actor and the stunts were “out there”.*

My favourite holiday spot in New Zealand is ... *Great Barrier Island – a beautiful place and lots to see and do.*

My colleagues reckon I’m ... *Charming, good looking, witty and intelligent.*

You can gain a new skill in 10 minutes... *To learn sign language. I was more interested in looking at the people doing the sign language at the 1pm Press Conferences rather than looking at the Prime Minister.*

The last book I read was... *True Red - The life of an ex-Mongrel Mob gang leader by Tuhoe Isaac.*

What phobias do you have? *Spiders of all sizes and Praying Mantises.*

What’s your most embarrassing moment (that you’re willing to share)? *One day I went to work wearing one black shoe and a blue shoe and the heels were different sizes - a good excuse to buy a new pair.*

They’re supposed to be good for you, but a vegetable I detest is... *Brussels Sprouts... Mum used to boil them and we had to eat them all up... Yuck!*

What would your pet say about you if we asked it for a reference? *I’m a good slave although sometimes the food is not served on time.*

What does your pet do that makes you laugh? *One of my cats wags his tail when he drinks water.*

What is the weirdest food you’ve ever eaten? *Visiting relatives in Malaysia, my Uncle ordered Water Chicken, in Mandarin. I cried when they told me it was frogs’ legs - they just laughed. I must say it was nice.*

One food you wish had zero calories is... *Wine.*

What are your three most overused words or phrases? *Bugger, WHAT! and Cheers.*

You can only eat three foods for the rest of your life, what would they be? *Lamb Roast, Big Mac, and KFC.*

With three month’s off work, a \$60k travel budget (and no Covid anywhere) I’d ... *Tour the UK visiting all the places that have funny, silly and rude names.*

The last photo I took on my phone was... *The gaming machine showing I had won a \$1,000 jackpot.*

What do you always want to try – but never have? *Going on a Game Fishing Charter.*

SurePac Support for Sport

\$1,000 Monthly Donation to a Not-for-Profit Insured Sports Group



ROSSER
SurePac
SPORT



**Every month until June 2022
Rosser donates \$1,000
to a not-for-profit organisation insured
with SurePac Sport.**

Recipients are selected by a random draw from all SurePac Sport policies incepting in the preceding month.

Donations are made in the name of Rosser and the winning organisation's broker.

Click [here](#) for information about our multi-line insurance solution for not-for-profit (and commercial) sports, fitness and recreation organisations.

Congratulations to our JANUARY \$1000 donation winner



**Athletics
Otago**

represented by
Cameron Butler
Crombie Lockwood
Dunedin



Scott Black (L) director of Albany Insurance delivers the good news to Jamie Wagner, Elmwood Park Bowling Club board member, that the club was the lucky recipient of Rosser's December SurePac Support for Sport donation.

SurePac Sport December donation supports growth in youth participation at Elmwood Park Bowling Club

Looking to expand its membership by encouraging youth development in the game of bowls, Elmwood Park Bowling Club (EPBC) was delighted to receive the December SurePac Support \$1,000 donation via Albany Insurance director, Scott Black.

"The funds will assist us establish a top quality collection of children's sized bowls," said EPBC board member, Jamie Wagner. "These bowls are smaller in size and are easier for youth players to hold and deliver," he said.

The club currently has work underway for the construction of magnificent new clubrooms. EPBC also shares its facilities with a number of other local sports clubs from codes including croquet, cricket, hockey, netball, football, rugby, handball and volleyball.

Rosser Risk Appetite Summary

Effective from 1 January 2022



ROSSER SurePac PROPERTY

Sums Insured including BI up to \$20m

- Aged Care, Rest Home Organisations
- Cafes, Restaurant/Bars
- Chartered Clubs
- Commercial Buildings
- Day Care/Child Care centres
- Education Facilities, Childcare centres
- Engineering Workshops
- Fitness Centres
- Motels, Hotels, Lodges
- Motor Trades
- Non Profit Organisations
- Office Buildings
- Religious Organisations
- Retailers
- Sports Clubs
- Non-sports Recreational Clubs & Groups
- Warehouses (appropriately protected)
- Wholesalers



ROSSER SurePac LIABILITY

Liability Limits up to \$10m, Companies with Annual Turnover up to \$50m/50 Employees

- Charitable Companies
- Charitable Trusts
- Chartered Clubs
- Incorporated Societies
- Iwi Organisations
- Limited Companies
- Partnerships
- Private Trusts
- Professional & Industry Associations
- Quasi Non-Governmental Organisations, Statutory Bodies
- Religious Organisations
- Social Service Organisations
- Sole Traders, Trusts, Body Corporates
- Sports Clubs & Federations



ROSSER SurePac PROPERTY UK

Sums Insured under \$8m

- EQ Prone Buildings and/or Lessee's
- Natural Disaster – Higher Risk Cresta Zones
- Premises built prior to 1936
- Premises with low NBS%

NON-TARGET LIABILITY RISKS

- Accountants, Architects, Engineers, Solicitors & Real Estate,
- Construction/Project Management
- Financial Institutions
- Gaming Trusts
- Investment & Financial Advisors

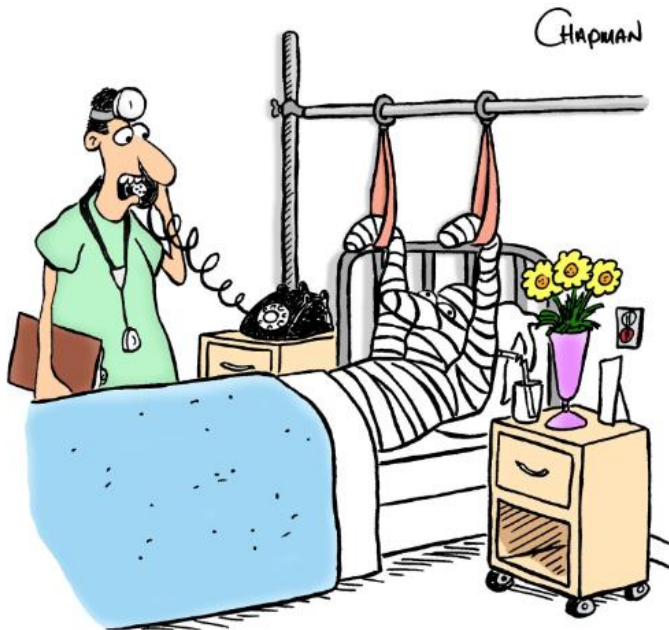
NON TARGET PROPERTY RISKS

- Backpackers/Boarding houses
- EPS Construction
- Entirely Residential Body Corporates
- Flammable Goods Manufacturing Warehousing
- Jewellery
- Laundry & Dry-cleaning
- Liquor & Tobacco/Cigarettes
- Motor Vehicle dealers
- Paper Product Manufacturing or Storage
- Plastics Industries
- Recycling and Waste Management
- Remote risk

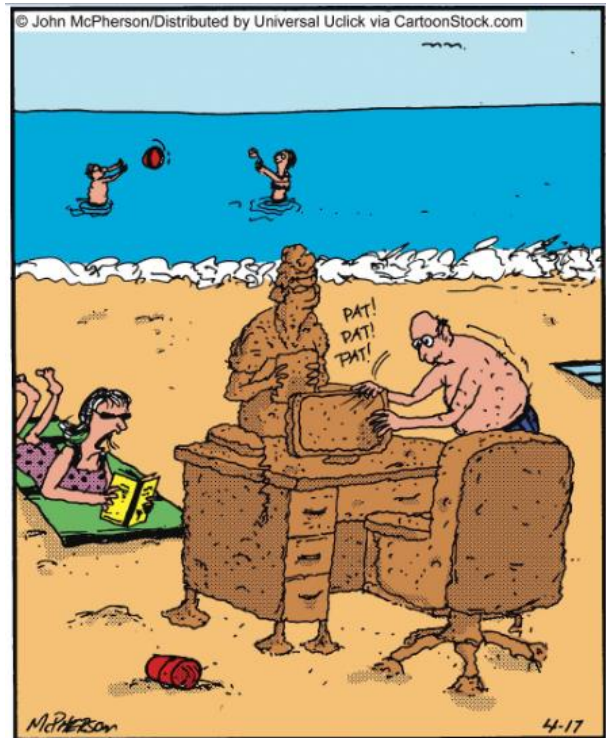
ROSSER
We've got you covered

For quotes or more information, please contact your Rosser Underwriting Development Manager. See the final page of this newsletter for contact details.

LAUGHTER



"Your wife wants to know if she should get a new propane tank for the barbecue."



"For cryin' out loud! Can't you forget about work just for one day?!"

Rosser's underwriting development team is here to help
Contact your UDM for product information, coverage advice, quotes or any other support



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