

The Rosser Roundup

NEWS, VIEWS AND OPINIONS ON INSURANCE AND BUSINESS

ROSSER

QUOTE OF
THE MONTH

**“The secret of your success is your daily agenda.
It all comes down to what you do today”**

- John C. Maxwell



Chris Lynch
Acting Chief Executive

View from the top

Dear Broker Partner,

This month marks another significant chapter in the history of Rosser Underwriting with the retirement of Murray Rosser, our company founder, from the role of Managing Director.

When our Australia-based company, 360 Underwriting Solutions, purchased the Rosser business late last year, Murray signalled his intention to retire in mid-2022. Unfortunately, health considerations hastened his decision to step aside from the MD role. However, I am very pleased Murray will continue with us on a part-time basis to complete and manage the implementation of the company's new IT system.

An announcement of Murray's decision is on page 3 of this edition and we will publish a more formal farewell when he exits the business later this year. In the meantime, it's business as usual and Murray continues as a shareholder and director of the company.

New Chief Executive

The company is seeking a new chief executive and I am filling the role on a temporary basis in the meantime. Covid travel restrictions force me to operate from Australia, but I am planning to spend time in New Zealand later this year. I look forward to meeting our key supporting brokers then.

New Team Appointments

I am pleased to welcome three new team members this month and look forward to their contribution to the continuing growth of our company.

Ngairé Dando has taken up an Underwriting Support role in our Hamilton office while **Savannah Griffiths** and **Shari Fletcher** both joined our Waipukurau administration team as Policy Processors.

March is usually a crazily busy month for our industry and I trust it all goes well for you.

Warm regards
Chris

28 February 2022

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edition*

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Covid cover makes travel insurance even more essential

"If you can't afford travel insurance, you can't afford to travel." – Ministry of Foreign Affairs and Trade (MFAT)

Our borders are starting to open on 28 February, so it's essential that travellers are insured for both Covid and traditional travel risks.



"With the much higher transmissibility of Omicron, we expect the proportion of travelling Kiwis claiming for cancelled trips to be much higher," says Tim Grafton, Chief Executive of the Insurance Council of New Zealand Te Kāhui Inihua o Aotearoa (ICNZ).

The importance of travel insurance was highlighted by the recent volcanic eruption grounding Kiwis returning from the Cook Islands. There were also cancellations of hundreds of flights as Cyclone Dovi swept across Aotearoa New Zealand last week resulting in accommodation and re-booking claims.

"For those delayed travelling to and from the Cook Islands, there was also a raft of claims to cover the cost of cancellations or delays," said Grafton.

In addition to covering risks such as delays, cancellations, medical events and lost possessions, travel insurance with a Covid extension will typically cover being unable to travel in the event of the policyholder, or their immediate travelling companions, contracting Covid.

However, government-imposed border closures, either affecting the ability to leave or return to Aotearoa New Zealand, or another country, are typically not covered.



Therefore, it's essential to read and check the details with individual insurers in order to be clear about what is and isn't covered before travelling, especially in relation to Covid including if a particular level of prior vaccination is a condition of cover.

Travellers also need to take care to understand the vaccination and testing requirements for any airline they will fly with as well as for any country they seek to transit through or enter.



Tim Grafton
Chief Executive
Insurance Council of New Zealand

Specifically, travellers need to check the validity of the New Zealand Government's My Vaccine Pass in this regard and any requirements around having a full course of vaccination, be that two or more shots. They should also know where to get an appropriate test before returning to Aotearoa New Zealand.



Travel insurers also work closely with the Ministry of Foreign Affairs & Trade (MFAT) regarding its Safe Travel website and travel advisories noting that cover is typically not available in countries under a do not travel notice.

"As MFAT says on its website, if you can't afford travel insurance, you can't afford to travel. With Covid, and especially Omicron, that's never been better advice," said Grafton.

ICNZ Insurance Council of New Zealand
Te Kāhui Inihua o Aotearoa

Murray Rosser calls time on MD role

Steps aside after 26 years at the helm of Rosser Underwriting



As many reading this will know, one of my ambitions in life is to actually stop working. Over the last few years, a number of attempts at fulfilling this ambition have been thwarted. On 11 February, I achieved a major step forward by retiring from my position of managing director.

Apart from working on a casual basis supporting our Javln IT development and handing over some other tasks, my time working at the operational level of Rosser is now ended.

However, I have not given up all interest in the business I started 26 years ago as I remain a director and retain a 10% interest in its ownership.

Three particular groups of people have been vital to the success of our business and I sincerely hope they will continue to support its future endeavours. The recent change of ownership of the company should, I believe, make it easier for their support to continue.

The first group is comprised of all the excellent people who work and have previously worked for the company.

I am particularly proud of those who have joined us as their first venture into the world of insurance – almost half of our current complement are in this category. Thank you, team.

Secondly, a big thank you to all our broker customers, some of whom have supported the business for over 20 years. Without the confidence you have placed in Rosser our business would not have succeeded.

Finally, big thanks to all the insurers with whom we have and have had relationships. In particular, for us, the big guys – AIG, Chubb and Lloyds. AIG for supporting our initial venture into underwriting, Chubb for their current and valuable support and Lloyd's for the confidence they have placed in us as Coverholders. Representing these huge worldwide brands in the New Zealand marketplace has been a true privilege.

New team members this month



Ngaire Dando moved from Auckland to join the Underwriting Support team in our Hamilton office. Ngaire has many years of insurance industry experience working for major insurers and for several broking houses. She has held a variety of roles including Commercial Underwriting of various lines including Motor and Financial Risks.



After working primarily in childcare for the past 8 years, **Shari Fletcher** joined Rosser in her first office-based job. She is looking forward to the change in pace and learning new skills as a policy processor. Shari is enjoying learning about the insurance industry and working alongside the great Waipukurau team.



Savannah Griffiths returned to the workforce in January after taking time out to raise her two daughters. Formerly a qualified beautician, Savannah wanted to try a new path that would give her an opportunity to broaden her experience and knowledge. Now a part-time policy processor in our Waipukurau office, Savannah is enjoying working with the team and understanding the challenges of the insurance industry.

Inflation at 7% is a real possibility

Economic commentary from **Cameron Bagrie**

Inflation is rising and could be difficult to reign in.

The Reserve Bank is mandated to keep inflation around 2 percent. Inflation has averaged 2 percent for the past thirty years.

Their latest Monetary Policy Statement said, inflation “will return towards the 2 percent midpoint over coming years”.



Cameron Bagrie
Managing Director & Chief Economist
Bagrie Economics

The headline inflation rate has risen to 5.9 percent.

It will likely rise above 6 percent when we get the next consumer price numbers. A push towards 7 percent is a real possibility.



We have not seen this sort of inflation pressure since the onset of inflation targeting in the 1990s.

Inflation is now households' top concern according to the IPSOS Issues Monitor, overtaking housing, which has held the top spot for years. Inflation is a thief that erodes purchasing power. It is being mentioned repeatedly in the political arena. Wages are not keeping up with inflation.

Inflation reflects a combination of rising petrol prices, housing costs and Covid-related disruptions to supply chains forcing prices.

While we can look through some inflationary pressure as being transitory which will ease once Covid disruption wanes, a significant component is not.

We have an economy where demand is exceeding the capacity of the economy to supply. That is a recipe for rising prices.



The Organisation for Economic Cooperation and Development (OECD) referred to the New Zealand economy as “overheating”.

That is a strong term to use, but apt in the current environment given the unemployment rate has fallen to 3.2 percent and construction costs are up more than 15 percent.

The Reserve Bank has raised the Official Cash Rate three times and signalled a lot more to come. This signalling has seen fixed mortgage rates rise above pre-Covid levels.

There is around \$170 billion of mortgage debt to refinance in the next year. Some borrowers are in for a shock.



Interest rates are moving up at a time Omicron is having a large impact on many parts of the economy.

To get inflation down, key procyclical parts of the economy including housing and construction need to turn.

House prices have fallen for the past two months. The fundamentals have shifted for housing. Interest rates are up, greater housing supply is emerging, and credit is tougher to get.

Continued...

Inflation at 7% a real possibility - Continued

This is part of a necessary reset for housing but also reflects the reality that containing inflation is not growth or asset price friendly.

Expectations for inflation remain elevated in the near-term but more contained further out. According to the Reserve Bank's Expectations Survey, inflation is expected to be 4.4 percent in a year, 3.3 percent in 2 years, and 2.3 percent in five years.

Those are down on the current rate as a couple of large quarterly rises fall out of the headline number, but still above the 2 percent target and outside the 1-3 percent inflation policy band for a material period.

Low inflation for the past twenty years has been assisted by technology, globalisation (outsourcing), diminished wage bargaining power of workers, and demographics (people saving).

Technology remains a significant inflation suppressant. Globalisation is being pushed back upon.

However, central banks' job appear more difficult going forward.

As baby boomers retire, many are starting to spend their savings, buoyed by recent asset price gains.



Worker shortages are intensifying, and the wage bargaining power of employees is strengthening. Population ageing means this is not a temporary phenomenon.

Managing climate change will inevitably add to costs.

We appear to be entering an era of government dominance, redistributive based policy, rising spending and more debt.

Of concern are signs of a deterioration in the capacity of the economy to grow without generating inflation.

Productivity growth is anaemic.

The labour market is the strongest in decades, job ads are high, businesses are reporting huge worker shortages, yet we have 54,000 more people on a benefit compared to two years ago.

One in every nine people of working age is on a benefit. School attainment has been deteriorating.



These factors point to some persistence in inflation, relative to what we have seen for the past thirty years. Will central banks be prepared to go harder lifting interest rates to cement their inflation fighting credentials, or accept a slightly higher rate of inflation as the new norm?

Three percent inflation might be the old two percent.

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Financial Services legislation update

First Transitional Licence cancelled

Legal article by **Colette Clayton**
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The Financial Services Legislation Amendment Act 2019 (FLSAA) came into force on 15 March 2021.



Reprint as at 15 March 2021



Financial Services Legislation Amendment Act 2019

Public Act 2019 No 8
Date of assent 8 April 2019
Commencement see section 2

The regime is now in its two-year transitional phase, within which all those operating under a transitional licence must move to a full licence to continue providing financial advice.

Below is a quick update on when you will need to transition to a full licence, and details of the first transitional licence cancellation by the FMA.



Update on FLSAA applications

The FMA has set the target dates for full licence applications as:

- 30 June 2022 for class 3; and
- 30 September 2022 for class 1 and 2.

The licence classes relate to how the regulated financial advice is provided and are incremental from 1 to 3.

- **Class 1 (sole advisor)**

The licence holder can provide regulated financial advice to retail clients on the licence holder's own account and/or through a 'sole adviser practice'.

A Class 1 licence does not permit the use of other entities under the license, apart from a Locum when the licence holder is unable to perform their own duties, i.e. due to holiday or illness.

- **Class 2 (employees with control)**

The licence holder can provide regulated financial advice to retail clients on their own account and/or through one or more Financial Advisers.

The licence holder and any Authorised Bodies may engage any number of financial advisers but cannot engage Nominated Representatives.

- **Class 3 (employees with delegated authority)**

The licence holder can provide regulated financial advice to retail clients in any manner, subject to the limitations in the FMC Act. This includes through an Engaged Entity (if permitted by a specific licence condition). If you want to engage Nominated Representatives, you must have a Class 3 licence.

Continued..

Financial Services Legislation update (continued)

Cancelling of transitional licence

Late last year the FMA cancelled a transitional licence for the first time. This power is under s414 of the Financial Markets Conduct Act 2013 (**the Act**), and the grounds for cancellation are:

- The licensee of an authorised body has materially contravened a licensee obligation;
- There has been a material change of circumstance in relation to the licence;
- The information provided by the licensee is false or misleading in a material particular; or
- A licensee or authorised body is likely to materially contravene a licence obligation or a material change of circumstances is likely to occur in relation to the licence.

The basis for the first cancellation was that the adviser was not a fit and proper person due to the serious nature of their previous misconduct. The misconduct occurred while the adviser was at their previous place of employment and included:

- Telling clients they were an authorised financial advisers, when they were not;
- Invoicing clients for advice using altered invoices so that they would be paid directly;
- Misappropriating \$36,029.98 over the course of 2 years; and
- Writing investment plans for clients that had not been approved or signed off by the firm.

The nature of the transitional regime under FSLAA is that the majority of market participants were automatically granted a transitional licence. What we are now seeing with the move to the full licence regime is that not all will not meet the standards of a full licence and will either have their full licence application declined, or in the more extreme cases, have their transitional licence cancelled.

This is a warning shot from the FMA that your full licence is not to be assumed. We can expect more license declinations and cancellations as the FMA clearly signal to the market this will not be a rubber stamp process.

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ROSSER We've got you covered



Broker in the spotlight

"I didn't 'fall into the industry' like many others have" said **Aaron Beere**, assistant manager at Abbott Insurance Brokers, Hamilton branch. "I felt like a change from my mortgage broking job, so I joined the good people at ACM Ahlers in Hamilton," he said. Aaron started as a broker support, studied for and gained insurance qualifications, became a broker and has been in the business for 14 years now.

While he enjoys working with his clients, Aaron's favourite people are his wife, Lisa, his two children Hayden (12) and Zoe (9) and a cat called Izzy.

Competitive by nature, Aaron and his family enjoy their sports including water skiing, wakeboarding and trail bike riding. Another favourite out of work activity is spending time at Cooks Beach – especially getting out on the water fishing.

Aaron supports his local Rugby Club as a committee member, coach and junior grade referee. "I also occasionally throw on my boots and play in the 'President's Team', then spend the next week recovering," he says.



Aaron Beere
Assistant Manager
Abbott Insurance Brokers
Hamilton

How did Covid lockdowns impact you? *I'm grateful that in our industry we have been reasonably un-impacted and could just move to work from home. I missed the face-to-face contact with clients but have embraced the new ways of engaging via Zoom.*

What do you enjoy most about your role as a broker? *Building relationships with my clients. I enjoy getting to know them and their business. It's amazing how diverse a book of clients can be.*

What has been your best day in the business so far? *Nominated for Emerging Insurance Broker in 2011*

What do you find the biggest challenge in the broking industry? *Needing to know so much (or just enough) to answer the wide-ranging questions a client might throw at you.*

The strangest claim I've handled was... *Car vs Horse. Neither came out unscathed. It certainly wasn't the nicest day to see my clients but they were grateful I was there and helped develop the relationship.*

The most common question my clients ask is... *If I put a claim in, does this mean my premium will increase next year ...* **And my answer is...** *Yes, it likely will!*

One common perception about insurance I would like to change is... *Clients believe insurers will find ways to get out of paying! Working with each client to build trust that this is not the case!*

Three career lessons I've learned thus far... *Trust your gut, don't be afraid to ask for help and be sure you pay for lunch with insurers every once in a while. (You might need a favour one day).*

I like dealing with Rosser because... *A great team to work with. Always get a prompt turnaround so you know where you are with things and they genuinely want a positive outcome for our client.*

If I hadn't joined the insurance industry, I would probably have been a ... *A Lawyer.*

Before working at Abbott's the most interesting job I've ever had was... *Working in a craft beer supplies shop, the beer was always on tap!*

If you didn't have to work what would you like to do instead? *Be a novelist. I love reading books, so wouldn't mind trying my hand at writing a couple.*

What is the dream car you'd like to own? *A blue 1969 Ford Mustang Fastback.*

I did most of my schooling at... and what I liked best was... *Glenfield College ...and Lunch, PE and sports trips.*

My personal mantra? Is... *Don't fret the small things and always have fun!*

The person (dead or alive) I would most like to meet or interview is... *Freddie Mercury.*

A job I would really like to try for one day is... *Prime Minister. I'm sure I could change a few things in a day...*

You can gain a new skill in 10 minutes... *Naturally, be able to complete my wife's next DIY project!*

How would you spend a million dollars in 24 hours? *A wakeboard boat and a new tow vehicle!*

The best place you've ever travelled to is ... *Machu Picchu in Peru, just the natural beauty of it!*

The weirdest food I've ever eaten was... *Guinea Pig (in Peru).*

A song I'm embarrassed to admit I like is... *Paradise by the Dashboard (all 9 minutes of it!) by Meatloaf -R.I.P.*

With three month's off work, a \$60k travel budget (and no Covid anywhere) I'd ... *Be deep sea fishing off the coast of Mexico with a bucket full of Corona.*

What would your pet say about you if we asked it for a reference? *Stop leaving me at home while you all bugger off for the weekend!*

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 FEBRUARY \$1000 donation winner



**Tauranga
Sports Club Inc.**

represented by
Dom Harrison
Financial Independence
Tauranga



**Juniors participating in an event organised by
Athletics Otago.**

SurePac Sport January donation assists Athletics Otago cover Covid-related expenses

Athletics Otago is the regional sports organisation for athletics that supports 10 clubs across the region including North, South, and Central Otago.

The club's members are aged from 3 years through to 90 years plus and include those with disabilities. The organisation supports events year-round with Track & Field a focus in summer and Road Racing, Cross Country and Trail running offered through the winter months.

"The donation from Rosser and Crombie Lockwood is much appreciated," said Karen Palmer, Athletics Otago's Administration Officer. "It will go towards expenses incurred from the COVID Pandemic. It will help cover losses from numerous cancelled events and the modification of others to allow for continued participation, particularly for our children's events where our greatest membership lies," said Karen.

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



"I'm thinking your email must have gotten directed into my 'oh no, that guy again' folder."



"In these estimates, I've tried, like always, to err on the side of total lunacy."

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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ROSSER We've got
you covered