

The Rosser Roundup

OPINIONS ON INSURANCE AND BUSINESS

ROSSER

Win a chocolate hamper for Easter
Click the link on P6 to enter
Entries close April 5!



OF
MONTH

**“Success isn’t always about greatness. It’s about consistency.
Consistent hard work leads to success. Greatness will come”**

- Dwayne Johnson



Chris Lynch
Acting Chief Executive

View From the Top

Dear Broker Partner,

As the Omicron variant of Covid-19 continues its surge throughout New Zealand it is creating staff issues for hospitals, businesses, schools and other institutions.

Several of our team members either contracted Omicron or were self-isolating due to family members coming down with the virus. Some of our underwriting development managers were also limited in their ability to visit and provide service in the busy month of March due to the closure of many broking offices.

We are doing our utmost to maintain our usual high service standards but ask for your kindness and understanding in the current environment.

Sad losses to the industry

The Rosser team was saddened to learn of the passing this month of two members of the insurance broking fraternity.

Russell Smith, founder of Commercial and Rural Brokers in Alexandra, was widely known and well-respected throughout the insurance industry.

Stephen Doecke of Asset Insurance Partners, Blenheim, had a larger than life personality, a left-field sense of humour and was a highly regarded insurance identity.

We extend our condolences to the families and colleagues of both these industry stalwarts.

New Chief Executive

We are close to appointing a new chief executive for Rosser and hope to make an announcement in April.

Lloyd’s binder renewed

We are pleased to confirm our UK binder at Lloyd’s is renewed through until March 2023. We welcome your submissions for earthquake-prone buildings, those with low NBS ratings, or located in higher risk ND zones.

Sweet treat for Easter

Easter is not far away. Make sure you click the link on P6 to enter our draw for a chance to win a delicious chocolate hamper to share with colleagues or family and friends.

Warm regards

Chris

March 2022

In this month’s edition

P2 July ’21 Westport flood claims progress data
Update from ICNZ chief executive, Tim Grafton

P3 Indicators do not point to a soft landing
Economist, Cam Bagrie, flags areas for concern this year

P4 Lloyd’s binder renewed
Our UK facility for higher risk properties continues

P5 Insurance Contracts Bill
Wotton + Kearney identify what’s coming – and what you can do

P6 Win an Easter chocolate treat
Click the link on P6 and you’re in our draw for a delicious Easter hamper

P7 Broker in the spotlight
ICIB’s Hawke’s Bay manager, William Horvath, tells all

P8 SurePac Support for Sport donation
This month’s \$1,000 donation goes to the Far North

P9 Rosser’s Risk Appetite
Updated schedule of our 2022 risk appetite

Insurers release July 2021 Westport flood claims progress data

Repairs to Westport homes estimated to cost around \$56 million



Tim Grafton
Chief Executive
Insurance Council of New Zealand

The Insurance Council of New Zealand Te Kāhui Inihua o Aotearoa (ICNZ) has released claims progress data on Westport's July 2021 floods.

They show 85% of home claims are fully settled or near completion. Around 85% of home contents claims, and 97% of motor claims, are fully settled.

The community and contractors have faced many challenges in the recovery including a shortage of temporary accommodation and building materials, pandemic lockdowns and multiple weather events that have re-traumatised many insureds.

"Insurance is there to help put things right after a major event such as this and it has been rewarding for insurers to work with the community to do so," said ICNZ Chief Executive, Tim Grafton.

When the July floods first hit, insured homeowners had access to a temporary accommodation allowance. On average, such benefits contribute around \$20,000 towards housing while the uninhabitable home is repaired.

In negotiation with their insurer some residents chose to pay a daily allowance to friends and family, some rented or purchased mobile homes, and some found rentals.

It is estimated the cost of the damage to Westport homes from the July 2021 flood event claims will be \$55.6m.

Grafton says: "insurers have been securing available contractor resources from around the South Island for customers to complete the recovery as quickly as possible. We are pleased with the progress being made and expect the remaining homes will be completed over the coming months."



Progress on home contents claims has closely followed home settlements with around 85% of claims fully settled and \$13.5m paid to date.

Car claims are largely finalised for Westport with around 97% of claims fully settled with \$1.74m paid at the end of January.

About half of homeowners have chosen a cash settlement so they could choose their own contractors and approach to repairs, with some choosing to do additional resilience work at the same time.

The remaining customers will have chosen their own contractor, financially supported by their insurance company. When managing the order of repairs on behalf of customers, insurers prioritised the most vulnerable within the community, who had suffered the most severe damage.

"Our understanding that climate change is making extreme weather events both more frequent and severe has broad implications. Insurance only transfers risk and individual householders can't be expected to build their own flood defences. Community-led action involving local and central government is needed to reduce flood risk and make infrastructure more resilient," said Grafton.

"This is the only long-term solution to reduce further economic, social and environmental disruption as we look to a future where extreme weather events are already becoming both more frequent and severe. We as insurers look forward to working with communities to do so."

ICNZ Insurance Council of New Zealand
Te Kāhui Inihua o Aotearoa

Indicators do not point to a “soft landing”

How far is the Reserve Bank prepared to bludgeon the housing market to get inflation back under control?

Economic commentary from **Cameron Bagrie**



Cameron Bagrie
Managing Director & Chief Economist
Bagrie Economics

The Reserve Bank's February projections had headline inflation peaking at 6.6 percent (currently 5.9 percent) and non-tradable or domestic inflation, peaking at 6.1 percent (currently 5.3 percent). Headline inflation eases to 2 percent over three years and non-tradable inflation moderates to 3.1 percent.

That is a soft landing. Inflation comes back under control, without much collateral economic damage.

Four things have my attention, and they do not point to a soft landing.

PAINTING A PICTURE
OF NEW ZEALAND'S
ECONOMIC FUTURE



The Official Cash Rate (OCR) was projected to rise above 3 percent, still low, but a lot higher than 0.25 percent.

House prices were projected to fall a cumulative 9.4 percent – a large fall on the face of it though not large in the context of a 40 percent rise over the prior two years.

The unemployment rate rises to 4.3 percent and the economy expands every quarter for the coming three years.

The first is Omicron. It is hitting supply-side capacity of the economy. We have a materials shock, which is magnified by a shock to workforce availability.

Foot traffic across the economy according to data from Ask Bellwether is down sharply.

The economy shrunk 3.7 percent in the September 2021 quarter but rebounded in the December 2021 quarter.

A negative quarter is on the cards for the March 2022 and then a positive one in June 2022. That volatility is difficult to manage.

The good news is that there might be light at the end of the Covid tunnel. Borders are set to reopen. That will help, but tourism faces a long slog back. Some sectors, such as dairying, are milking it.

The second is the potential fracturing of economic blocks or another Iron Curtain as the Ukraine crisis drives division and nations are forced to take sides.

Think of it as an Amazon world and an Alibaba world. New Zealand has feet in both camps and is strongly dependent on China.



We rely on a globalised and connected world not a fractured one. A globalised world has helped keep inflation low.

Continued...

Indicators do not point to a “soft landing” - continued

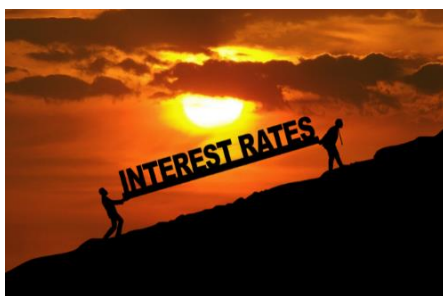
A fractured world is not just bad for growth; it is bad for supply chains and inflation. Stagflation fears are rising.

The third is inflation pressure. Prices continue to rise across the board, not helped by the Ukrainian situation driving up fuel prices, though easing of late and assisted by short-term government excise relief.

Inflation rises, necessitating higher wages, adding to costs, and more inflation, wage rises....and the spiral is in motion.

It is the drift up in inflation expectations – where people believe inflation will be in years to come – that is troubling. A central bank’s credibility rests on anchored inflation expectations, or the belief inflation will return to target.

In New Zealand, two-year ahead inflation expectations are 3.3 percent, still outside the 1-3 percent policy band



Financial markets now expect the Reserve Bank to start raising the OCR faster. A further 185 basis point rise in the OCR are priced into 2022 and 85 basis points in the next two meetings, implicitly betting the odds are high we could see two 50 basis point rises.

That takes me onto the housing market.

House prices are falling, and we are early days into the tightening cycle. National house prices are down 2.3 percent in the past three months. Auckland has seen a 5.5 percent decline.

It is taking longer to sell a house and fewer are being sold. Rising days to sell and lower sales volumes typically lead house prices.

Falling house prices and easing construction costs (the latter follows the former) are necessary to tame inflation.

Fifteen percent construction cost inflation, challenges getting credit, rising interest rates, signs some areas such as Auckland may now be building too many houses, and negative migration (a driver of demand) are changing the landscape.

I wonder how the market will react if the Reserve Bank start hiking in 50 basis point moves to meet their inflation objective?

We could be on a collision course between the current 2 percent inflation objective and the necessary bitter medicine required to achieve it with house prices in the firing line.

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.

Rosser's Lloyd's Binder Renewed

Rosser Underwriting is pleased to confirm the renewal of its UK binder facility at Lloyd's through to 31 March 2023. We place both Property and Liability risks in this facility.

Summary of the facility

- Property – maximum sum insured \$8m
- Wellington capacity available to \$4m MD/BI sum insured
- Can be used for co-insurance – maximum 100% SI \$30m
- Public Liability \$5m limit (SL/EL \$1m)

Targeted Risk Profile:

- Earthquake-prone buildings
- Premises with low NBS%
- Higher Risk Natural Disaster Zones

Talk to your regional Underwriting Development Manager for more information or quotes for eligible risks.



ROSSER SurePac
PROPERTY UK

Coverholder at

LLOYD'S

Insurance Contracts Bill

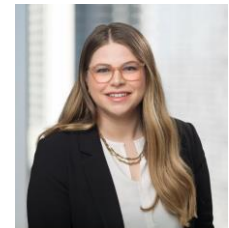
A first look at what's coming – and what you can do

Legal article by
Julia Whitehead and **Colette Clayton**
from Wotton+ Kearney



Julia Whitehead

Julia.Whitehead@wottonkearney.com



Colette Clayton

Colette.Clayton@wottonkearney.com

Wotton+Kearney, Wellington

The long-awaited Insurance Contracts Bill is here.

The recently released draft consolidates the (many) pieces of legislation and common law that govern insurance contracts into one (almost) tidy Act.

There is too much in the Bill to cover briefly; we recommend seeking tailored advice for areas relevant to your business.

In this article, we focus on the area where submissions are sought – unfair contract terms.

Changes to the current law

The Bill replaces:

- Life Insurance Act 1908
- Law Reform act 1936
- Insurance Law Reform Act 1977
- Insurance Law Reform Act 1985
- Insurance Intermediaries Act 1994
- The common law position in *Steigrad*

The Bill covers the following:

- Duty of utmost good faith
- Disclosure
- Proportionate remedies
- Late notification
- Increased risk exclusions
- Fair Trading Act / Unfair contract terms
- Plain language and public information
- Third party claims
- Intermediary duties

What is still up for debate?

The commentary accompanying the Bill is clear – MBIE is not seeking submissions on the policy decisions underlying the changes. These are set.

MBIE is only looking for comment on:

- Whether the drafting achieves the policy intent/has unintended consequences; and
- A choice between two options for Unfair Contract Terms.

Unfair Contract Terms

Unfair contract term restrictions, under the Fair Trading Act, have previously had insurance specific exceptions. Under the new Bill the following insurance contracts will now be caught:

- 'Consumer' contracts (household insurance), and
- Small trade contracts (with an annual premium, of \$250,000 or below)

There will still be exceptions for these types of insurance contracts. To include what is being insured (subject matter) as a potentially unfair term could result in forcing the market to offer cover beyond its commercial boundaries.

What is up for debate is how wide the 'subject matter' exception should be.

MBIE has proposed the following options:

Continued...

Insurance Contracts Bill – what you can do (continued)

Option A (Clause 171): Narrow exception. This would exclude only the main subject matter of the contract (i.e. item insured, sum insured, deductible amount).

- Option B (Clause 172): Wider exception. This would exclude the subject matter *and* exclusions and limitations in the policy affecting the scope of the cover (e.g. capturing things like smoke alarm exclusions).

We expect the industry is likely to prefer Option B, which exempts more aspects of an insurance contract from the overall regime.

Unintended consequences

The other area where MBIE is seeking feedback, is where the drafting does not meet the policy intent or has unintended consequences. We have identified some niche areas where the drafting might go beyond the intent – for example, under the new third party claims regime (replacing *Steigrad*), the ability to apply policy exclusions to these claims is severely limited by the drafting, possibly in an unintended way.

However, in some ways this is a discussion for industry to drive: to look at the implications of the Bill on their business, on comment on workability. E.g., the public information provisions could require the disclosure of things like claim acceptance rates, length of time to settle claims, etc.

MBIE has signaled that it does not intend to make regulations in this area yet. However, if these (or other) areas would create unintended consequences for your business, now is the time to speak up.

What does it all mean and what can be done?

While in many areas the Bill does set new legal standards, at a practical level, often these standards do not significantly depart from current industry practice; they just set a more prescriptive approach and introduce enforcement options for breach. This Bill is significant; but it is not unexpected. It brings us into line with the approach in Australia and the UK.

Submissions are due on **4 May 2022**. We suggest you consider what sections may have unintended consequences.

This article is intended to provide commentary and general information. It should not be relied upon as legal advice. Formal legal advice should be sought in particular transactions or processes or on matters of interest arising from this publication. © Wotton + Kearney 2021. Company no 3179310. Regulated by the New Zealand Law Society.

Win a delicious chocolate hamper for Easter



CLICK HERE

to enter to win one of **5** Easter hampers to share with colleagues or your family.

Please include your delivery address in your entry.

Entries close 5pm Tuesday 5th April

No purchase required – **ONE** entry per broker.

This fabulous Easter hamper is valued at \$95 and contains:

- Milk & Dark Chocolate Easter Squares
- Milk Chocolate & Caramel Bunnies
- Hot Cross Raspberry Marshmallow Buns
- Small Chocolate Easter Bunny
- Allpress Coffee Latte & Espresso Chocolate Eggs
- Foiled Milk & Dark Chocolate Eggs

Five winners drawn at random from all entries received. Winners notified personally and names published in the April edition of *Rosser Roundup*.

Broker in the spotlight

William Horvath, Branch manager of ICIB in Hawke's Bay is another member of the team who "fell into the industry".

He started as a Broker support with Circle in Wellington in October 2001, just a month after the horrific 9/11 event in New York. Later he moved to a BDM role with NZI following the merger between State/Circle and NZI. This was followed by some time with Vero, initially in Wellington and then in Hawke's Bay.

"In 2014, I moved to Marsh, joining the 'dark side' (as underwriters like to call the broking industry)," said William. "Then in September 2021 I set up the new Hawke's Bay branch with the great team at ICIB," he said.

"My family love living in Hawke's Bay or spending time in Taupo and Central Plateau with plenty of outdoor activities on offer," William said. "Our three active boys (13, 11 and 8) keep us busy and they love getting out for bush walks, spending time on the lake or going up the mountain to the snow," he added.



William Horvath
Manager – ICIB
Hawke's Bay

How has Covid impacted you? *I love talking to people about their business, but you just can't get the same picture over Zoom. Our industry is substantially pandemic proof, though unfortunately, this is not the same for some customers / sectors.*

What do you enjoy most about your role as a broker?

The relationships you build with clients and being there for them at the good times to celebrate success. Then showing the value you can bring to the table when the worst happens.

What has been your best day in the business so far?

Confirming to a client their substantial loss claim was approved within 72 hours. A BI progress payment was in the account the next morning and seeing the sense of relief and stress lift from them.

What do you find the most challenging part(s) of the broking industry?

The ever-growing knowledge you need of every area of business to provide the right advice to clients. And compliance - not just in our industry, but for business in general.

The most amusing claim I've handled was... *A tenant was very reluctant to explain how damage occurred in the shower about halfway up one wall, about the size of a body and 2 small holes on the opposite wall. He finally confessed he was not in the shower alone and they lost their footing... the rest I'll leave up to your imagination!*

One common perception about insurance I would like to change is... *Insurance does not cover everything that you wish - only what is in the policy!*

What are three career lessons you've learned thus far?

Trust your gut feeling, ask lots of questions and don't try to reach a conclusion until you have all the info. There are some claims that at first glance you think are not legit, but there are lots of weird and wonderful ways that claims can come about!

What is your motto or personal mantra? *"If it's to be, it's up to me".*

The person (dead or alive) I would most like to meet is... *Colin McRae – the flying Scotsman.*

The dream car I'd like to own? *So many cars I would love - but a 1998 Subaru WRX 22b or a Ferrari F40.*

Growing up my ambition was to be ... *An Air Force fighter pilot after watching Top Gun. Unfortunately, at 15, I was already too tall to fit in a Skyhawk!*

What I liked best about school was... *Lunch break*
...and hated most was... *English classes.*

The best place I've ever travelled to... *Italy, Rome and Venice, the history, the food, wine, and the people.*

One vegetable I detest is... *Brussels sprouts... even bacon can't save them!*

Steak/seafood/vegetarian? Wine/beer/cider? Pavlova/cheese/fruit? *Steak, beer, and pavlova.*

What would your pet say about you if we asked it for a reference? *Soft touch...*

With three month's off work, a \$60k travel budget (and no Covid anywhere) I'd ...? *Take the family on a caravan trip around Europe.*

You have to live in another country for 12 months (Covid excepted). *Italy, I think I was Italian in a previous life!*

The worst (non-work related) task I've ever had to do was... *Help a friend clean up a house after tenants left it in a very bad state. Some of the things can never be unseen and we are scarred for life!*

Three things on my bucket list are... *Skydive, drive a rally car flat out on a rally stage, and get a flight in a fighter jet. Plan is to get two of these ticked off in the next 18 months.*

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 MARCH \$1000 donation winner



**Bay of Islands
Golf Club**

represented by
Wayne Ballantine
Rothbury Insurance Brokers
Whangarei



Ben Ruthe of Financial Independence, Tauranga, congratulates John O'Loan, president of Tauranga Sports Club, on winning last month's SurePac Support for Sport donation from Rosser Underwriting.

SurePac Sport February donation won by Tauranga Sports Club

Tauranga Sports Club was established in 1988 from the amalgamation of Tauranga Old Boys Rugby Club and Otumoetai Cadets.

Tauranga Sports' premier team are the current Baywide Champions, a title the club has won ten times since the amalgamation.

"Today the club is extremely strong with membership numbers consistently growing through our large junior and senior rugby membership, in addition to our well supported netball teams," said club president "John O'Loan.

"Tauranga Sports appreciate this donation from Rosser. We are also very thankful to our amazing club sponsors. Without them and their help, the club wouldn't be able to function as well as it does," John said.

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

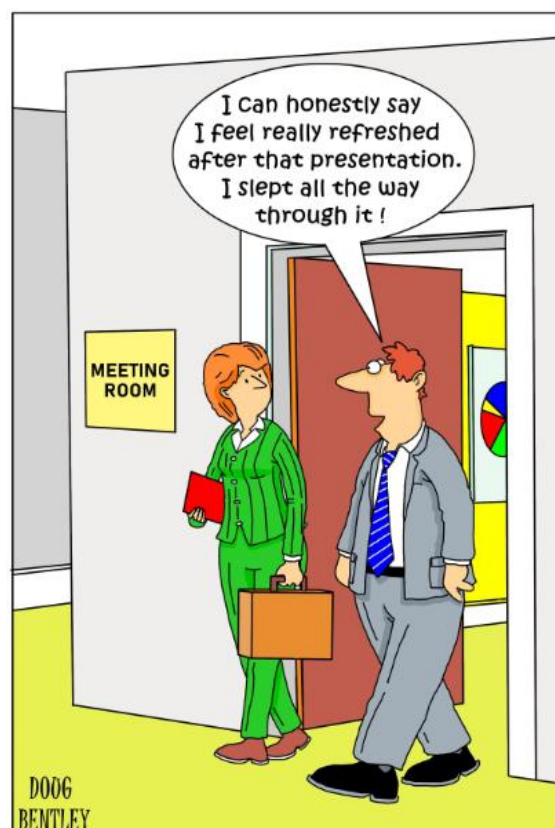
NON TARGET PROPERTY RISKS

- 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



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



**Kieran
McCormack**
Lower Nth Is.
Nelson, Marl

P: 06 355 5908
M: 027 238 7347



**Nisha
Mirpuri**
Auckland
North
& Northland

P: 09 300 6442
M: 027 252 8894



**Tibi
Beck**
Auckland
South

P: 09 302 0117
M: 027 488 8894



**Tim
Wilkes**
Waikato, BoP,
East Cape

P: 07 839 3957
M: 021 077 6678



**Kirstee
Nadin**
Lower
South Island

P: 03 365 2664
M: 027 599 9094

Email your Rosser Underwriting Development Manager: firstname.lastname@rosser.co.nz

www.rosser.co.nz

FREephone: 0800 867 677

ROSSER We've got
you covered