

The Rosser Roundup

NEWS, VIEWS AND OPINIONS ON INSURANCE AND BUSINESS

ROSSER

QUOTE OF THE MONTH

"Fear of looking stupid is the No. 1 killer of dreams. The worst part? The people who make you feel stupid are usually the ones least qualified to judge someone else's life." - **Anthony Moore**



Ryan Clark
Head of Rosser Underwriting

Highlights and heads-up

Dear Broker Partner,

Labour weekend produced some stunning weather across the country and was a quick reminder ahead of summer that, even on a cloudy day, we need to wear sun lotion!

Despite being on the cusp of warmer weather, in this month's edition of Rosser Roundup, we continue to see staggering weather-related insurance claim statistics from across the country: June floods (\$15m) and the mid-August weather bomb (\$48m).

The running total for general insurance losses for extreme weather events in 2022 is \$298 million, compared with a 2021 full year total of \$324 million (see ICNZ article on page 3).

Of particular interest this month, is our regular economic article by Cameron Bagrie. Cameron provides a succinct summary of many concerning economic factors across the globe, from rising global debt to

the new cold war playing out around technology.

Cameron also covers issues closer to home like our blow-out \$28 billion debt, high crime rate and low school attendance - none of which bode well for a soft landing in the future.

Check out also the article from Wotton & Kearney on page 6, "Meet the Rosser underwriters", and "Broker in the Spotlight". Happy reading!

On a lighter note, this month Rosser wrote a new chapter in its history book by finally opening its first Auckland office after 26 years of operating.

Seven team members now call it "home" and we're set to grow even further! We are based on level 4 of the iconic Auckland Ferry Building (built 1912), so please feel free to come and see us.

Warm regards

Ryan

October 2022

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Mel Gorham
IBANZ CEO

Transitional FAP licences expire on 16 March, 2023

IBANZ CEO urges immediate action if you do not already meet new licensing requirements or are yet to start the journey.

As the saying goes, time and tide wait for no man... With 2022 starting to draw to an end, 16 March, 2023 is little over 4 months away.

This is an important date for all involved in providing regulated financial advice to retail clients, for two reasons. Neither of them should come as a surprise to those affected.

March 16, 2023 is the date that those providing regulated financial (eligible for the 2-year safe harbour) must satisfy requirements relating to competency, knowledge, and skill.

The New Zealand Certificate in Financial Services (Level 5) or the National Certificate in Financial Services (Financial Advice) (Level 5) are accepted as ways to satisfy this requirement. Another is recognition of prior learning (ROPL).

The FMA has been consistent in its communications that there will be no way around this requirement nor any further time extension.

Details of competency requirements including training providers can be found on this [Skills website](#).

If you do not already meet the requirement or are yet to start on the journey, I urge you to not

delay any further in choosing your method, provider and getting things underway.

The other requirement is the need for Financial Advice Providers (FAPs) to have a full licence by 16 March 2023, the date that all transitional licences expire. *This doesn't mean to have applied for it by then, it means to have your full licence approved.*

You (and any financial advisers working for you) will not legally be permitted to provide regulated financial advice services to retail clients until the licence is obtained.

The target dates for submitting applications for all three licence classes are now in the rear-view mirror. Class 3 applications were due 30 June 2022, the Class 1 & 2 licence application date was 30 September 2022.

It is recognised that not all of those with a transitional licence intend to move onto a full licence as some may choose to retire or join under another FAP with a full licence. BUT... as another saying goes, the buck stops with you.

From March 17, 2023, if you intend to continue to provide regulated advice to retail clients you need to ensure that you have the required level of competency, skill and knowledge

and, either hold, or operate under a FAP full licence.

This is by no means the end of the journey as ongoing commitments and obligations apply. Continuing professional development is one of these. It is the joint responsibility of the FAP and financial adviser under the [Financial Advice Code](#) to ensure that requirements are met.

This is likely to be something that the FMA will look at as part of any monitoring they may undertake. It will also form part of the regulatory returns that the FAP will be required to provide.

There are now several providers of CPD that is targeted towards fire and general brokers of varying levels of expertise.

It is crucial to look critically at the learning you intend to undertake to ensure that it is relevant for the advice you give and keeps you up to date with understanding the regulatory framework for financial advice in New Zealand.

In doing so you extend your expertise and value to your clients, your colleagues and your FAP, which ultimately benefits yourself.

For those still stalling about licensing or competency, the future starts today.

Mid-August weather bomb results in claims totalling \$48 million



Tim Grafton
Chief Executive
Insurance Council of New Zealand

The Insurance Council of New Zealand Te Kāhui Inihua o Aotearoa (ICNZ) reports that mid-August's extreme weather resulted in 3,165 general insurance claims with a provisional value of \$47.98 million.

Of this, the Nelson Tasman District accounted for 1,248 private insurer claims with a provisional value of \$21.64 million and the rest of New Zealand (including Marlborough), 1,917 claims valued at \$26.35 million.



PHOTO/ STUFF

"This was a devastating event for communities in Nelson and the Marlborough Sounds in particular that will take a long time to recover from," said ICNZ Chief Executive, Tim Grafton.

"It has been more difficult for some by the time taken to deal safely and methodically with the event. In a hillside area of Nelson, this is necessitating extensive geotechnical work to ensure the land has stopped moving. This is now being followed up with site specific damage assessments."

The community response to these events has once again been outstanding. Local councils are working closely with residents, geotechnical experts, insurers and their partners Toka Tū Ake

EQC, Waka Kotahi and an army of contractors, businesses and community groups to help put people back on their feet.



PHOTO/ STUFF

"Once all the assessments are safely completed, the final claims data for August's event will likely be higher", said Grafton. "This is a difficult time for all involved and yet another reminder of the urgency with which incoming councils must deal with building resilience to climate change."

ICNZ also released final claims data for the 9-14 June floods. Preliminary figures of 3,146 claims valued at \$15.45 million have been finalised at 3,552 claims worth \$20.34m.

All of the data released to date brings the running total for general insurance losses for extreme weather events in 2022 to \$298 million.

The 2021 full year total was \$324 million. ICNZ does not track related costs met by Toka Tū Ake EQC, councils and Waka Kotahi.

Economic success and excessive partying have a hangover

Economic commentary from **Cameron Bagrie**

A few things have caught my eye in the past month.

They include the persistence of core or underlying inflation excluding volatile items such as fuel, “Trussonomics” – which markets delivered a brutal response towards, and a changing international trade landscape. More pop variables are also popping, reinforcing the unsustainable nature of New Zealand’s growth trajectory.

They do not bode well for a soft landing. Economic success and excessive partying have a hangover.



We appear to be on a one-way ticket to a late 1980s outcome – the last time inflation really needed to be cracked. It was not pretty.

There are more concerns over a global credit event. Interest rates are still low, but we are witnessing the most aggressive rise in interest rates in more than 30 years.

Locally, you just follow the trail of debt. Households and local authorities are areas to watch. New mayors will not be getting good news.

Headline inflation might be lower, but core inflation measures globally continue to cause central banks more angst.



Asset prices have had tough months and the real inflation battleground is emerging over unemployment. It is inflation versus jobs and has politics written all over it.

Taming inflation is not growth, asset price, or job friendly. Central banks are alert to inflation driving wages, higher wage costs driving more inflation, and the spiral is in motion. That spiral needs to be broken.

The UK debacle over spending more and tax cuts, or “Trussonomics”, delivered a reminder. Market forces are back.



Cameron Bagrie
Managing Director & Chief Economist -
Bagrie Economics

Nothing is a problem until markets think there is a problem, and then you can have big problems. UK gilts soared, the pound was punished, and the UK government has done more flip-flops than walk the beach at Bondi, with their economic credibility in tatters.

If you ever needed a reminder that the era of sugar candy economics has ended, look no further. It is long overdue and welcome.

“Interest rates are still low, but we are witnessing the most aggressive rise in interest rates in more than 30 years.”

Security is now the driving force behind trade policy. Security in food, energy and technology. One plays into New Zealand’s hands. On another, we shut Marsden Point.

A new cold war appears to be playing out around technology. Microchips control the computers and computers control the machines. The United States just passed the Chips Act. It is actively encouraging onshore production, and discouraging the supply of technology to potential adversaries. China is in the gunsights - but from a technology perspective.

Continued...

Economic success and excessive partying have a hangover...continued

Meanwhile in New Zealand, our current account deficit – the chequebook with the rest of the world - has blown out to \$28 billion, another sign we are living beyond our means.

Crime/law and order is now the second biggest concern to households over the coming five years according to the IPSOS Issues Monitor.



Inflation is number 1#. To see crime up there with housing and healthcare is a telling sign about the mood of the nation.

Out of this inflation and global mess, there are opportunities. We need to embrace them.

Rising interest rates mean taking real risk to make real money. That does not seem abnormal to me.

Declining school attendance and achievement are bad omens

for economic performance in twenty years. We need a call to arms now.

If we cannot get financial literacy into the school curriculum in the coming few years, it is unlikely ever to take place.

“Inflation is number 1#. To see crime up there with housing and healthcare is a telling sign about the mood of the nation.”

Declines in house prices and a different trajectory over the coming decade, with falling interest rates no longer providing a tailwind, should be stimulating debate on how we unlock investment into the real productive part of the economy.

New Zealand's capital markets need to be looked at, more focus needs to be put on banks for making alpha returns but taking minimal risk, and how do we improve the bankability of New Zealand businesses?

The past few years has seen a worrying trend in populist driven leaders. They offer sugar candy as opposed to substance. New Zealand is no different.

The last thing we need is the 2023 election to focus on tax cuts. Two parties are promising them, and the government will not rule them out, though reversing the 39-cent tax bracket is definitely not on their radar.

Stopping tax thievery (the impact of fiscal drag or inflation induced tax bracket creep) might be appropriate. However, if we want to make an investment in New Zealand's economic future, let's start with a big jump in education funding - and funding that is matched by measured outcomes.



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Court of Appeal prefers narrow application of leaky exclusion

Legal article from Wotton+ Kearney
by Ella Morrison



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In a recently released judgment,¹ the Court of Appeal overturned the decision of the High Court in *Napier City Council v Local Government Mutual Funds Trustee Limited*² (Riskpool), finding that the weather-tightness exclusion in the Council's policy does not exclude the entirety of a mixed-defect claim.



Background

Owners of the Waterfront Apartments sued the Napier City Council in negligence, alleging numerous building defects including (but not limited to) weather-tightness defects. The Council settled with the plaintiffs and then made a claim under its indemnity policy with Riskpool.

Riskpool declined the mixed-defect claim in its entirety by relying on an exclusion that excluded liability for Claims arising directly or indirectly out of water-tightness defects.

After unsuccessful strikeout applications, the proceeding was heard in the High Court last year.

High Court

Grice J upheld the declinature based on her Honour's construction of the policy wording, holding the exclusion applied to the original "Claim" – being the single demand for compensation resulting from an act of negligence. The exclusion was effective to exclude *all* defects, meaning, in the context of a single Claim, other building defects within the Claim were tainted by the weather-tight component (subject to the *de minimis* doctrine, under which the exclusion would not apply to the extent a weather-tight defect is trivial or immaterial).

Further detail on this decision can be found in our [article](#) of July 2021.

Court of Appeal

The Council's appeal has succeeded. In its decision last month, the Court of Appeal read the exclusion as only excluding cover for claims to the extent that the Council's *liability* arose directly or indirectly out of a weather-tight defect.

The Court accepted that each plaintiff had made only a single "Claim" for the purposes of the policy, and that the exclusion clause applied, on its face, to liability for "Claims" alleging weather-tightness defects. However, it did not see any difficulty with making an apportionment, within a single Claim, to distinguish between liability arising from those defects that are causally connected to weather-tight issues and those that are not.

¹ *Napier City Council v Local Government Mutual Funds Trustee Limited* [2022] NZCA 422 [8 September 2022]

² *Napier City Council v Local Government Mutual Funds Trustee Limited* [2021] NZHC 1477

Court of Appeal prefers narrow application of leaky exclusion - continued

The Court remarked, "Interpretation [of a policy] is an objective search for common intention". Insuring clauses should be construed widely and exclusion clauses narrowly.

There was no extrinsic evidence suggesting the commercial purpose for the exclusion intended to exclude non-weather-tight defects pleaded as part of a mixed claim. That being the case, the Court preferred the narrower (and more generous) reading of the exclusion clause.

The Court endorsed the Council's absurdity argument that on Riskpool's interpretation, the whole of a claim could be excluded if even a 'trifling' part of the demand is connected to weather-tightness issues. It rejected the application of the *de minimis* principle noting the threshold cannot be defined with sufficient precision.

The overall settlement between the plaintiffs and the Council was held to be reasonable and the parties were referred back to the High Court to establish apportionment.

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.

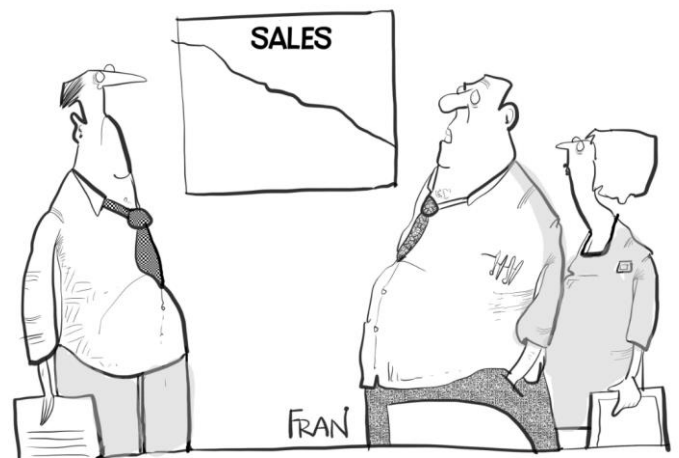
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On the lighter side



"I had a career in theatre, and television but I quit because I couldn't suppress my passion for insurance sales."



I suppose that's what happens when 'putting customers first' comes second!

Rothbury Commercial Conference

After several postponements due to the impact of Covid-19, Rothbury Insurance Brokers held their 2022 commercial conference earlier this month, based at the Energy Events Centre in Rotorua.

The theme this year was “Taking Up The Challenge”, and Rosser honoured a long-standing commitment to attend, sharing booth space next to our partners from Chubb at the conference exhibition hall.

Underwriting Development Managers, Kirstee Nadin and Tim Wilkes, represented Rosser at the event and over several hours of face-to-face exhibition time were able to see most of the 210 attendees.

Tim and Kirstee talked about how Rosser has got brokers covered with our facilities through Chubb and London, and the various Rosser-supported Rothbury schemes. Our team handed out Rosser-

branded lens cloths / screen wipes to help brokers see our offering more clearly. They also organised a prize draw to win a MacPac sun shelter.

To enter the prize draw, brokers had to complete our tag line “We’ve got you _____”. Whilst most of the entries were correct (“covered”), we appreciated those that missed the mark too – with some brokers suggesting “bemused”, “laughing” or “over a barrel”. Draw winner Heather Haenga from Rothbury’s North Shore branch was absolutely stoked to collect her prize in time for Summer (see pics below).

Our delegates enjoyed the ‘brand your team’ partner dinner, where they had to dress-up to express Rosser beliefs. They used colour, and wore wigs and capes to emphasise “got you covered”, which was our theme for the event.

Here are a few images of our team at the event:



Broker in the spotlight

Sports fanatic, **James Richards**, was born in Blenheim, educated at Christchurch Boys' High School and at Lincoln University on a cricket scholarship. This led to him playing a season of cricket in Derbyshire, England. He also enjoys playing golf and has played rugby most of his life.

James' introduction to the insurance industry was through a friend's partner working at Aon, who suggested to the branch manager that James would be a good option as an employee. At a very informal meeting with the manager, James was advised no positions were open at that time. "That didn't worry me," said James, "I was off to Europe for two months on a 'boys' trip with some mates. Halfway through the journey Aon HR contacted me with a job offer. A few emails were exchanged and I signed on."

At Hazlett Insurance since 2020, James enjoys the challenge of working with a range of clients providing them with insurance solutions across all business lines. He lives with his partner Sinead and they have recently purchased a lifestyle block about 15 minutes out of Christchurch city.



James Richards
Hazlett Insurance
Christchurch

How has Covid affected you and/or your colleagues?

I guess being from Christchurch, we are a resilient bunch, so we have just boxed on.

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

Learning about businesses and how they operate.

What is the main point of difference Hazlett offers to its clients?

Every broking house will note their differences, however there will always be another company doing what we are. We put a real emphasis on service standards.

How do you prefer to start your day?

Coffee & review of the sports news.

What key advice would you give someone starting in insurance today?

Be a sponge for information.

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

- You always have time, it's how you use it.
- What you put in, is what you get out.
- Don't be scared to share your opinion.

I like dealing with Rosser because ...

Our BDM (Kirstee) is great to deal with, knows the balance between having a laugh and getting the job done.

If I hadn't joined the insurance industry, I would probably have been an...

Air Traffic Controller.

What was the last (white) lie you told?

Just going to the pub for one!

Before working in insurance the most unusual job I've ever had was...

I was 13 - school holidays and lifting wires on vineyard posts from the middle clip to the top clip

Three guests I'd like on my own talk show are...

Marc Ellis, Matthew Ridge, Razor Robertson.

If you didn't go to work each day, what would you like to do instead?

Mow fairways.

If you could witness any historical event, what would you want to see?

Warriors winning a Grand Final.

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

Charles Upham.

My favourite holiday spot in New Zealand is (why?)...

The Mount, we all know why.

What is the first thing you'd buy if you won Lotto?

A brewery.

Where is the best place you've ever travelled to?

MCG Day 3 of the Boxing Day Test 2019. The crowd was unbelievable.

You can only eat three foods for the rest of your life, what would they be?

Hot chips, bacon & pizza.

With three month's off work, a \$60k travel budget (and no Covid anywhere) I'd ...

Go to the Rugby World Cup.

The most influential event in my life was...

Going to Sri Lanka as a 16 year old and seeing proper poverty for the first time. Makes you appreciate how good we have it.

Meet the Rosser underwriters

Another in our series profiling members of our underwriting team



Tibi Beck
Underwriting Development
Manager (UDM)
Auckland South & Northland

Tibi Beck started his insurance career in South Africa as an underwriter for a Heavy Commercial Vehicle Insurer. Later he became a broker at a large South African firm specialising in Contract

Works, Performance Guarantees and Contractors' Plant & Equipment.

He emigrated to New Zealand with his wife and two daughters in 2017. He joined Rosser in January 2021 as an Underwriting Development Manager. Tibi looks after brokers in the Auckland and Northland region alongside fellow UDM, Nisha Mirpuri. Tibi and Nisha provide service to northern brokers from our new central Auckland office.

Tibi has accumulated over twenty years' insurance experience in South Africa and in New Zealand. He holds an ANZIFF Tier 1 qualification, and the Financial Services General Insurance Level 5 certificate.

Tibi is relishing his move into underwriting after 18 years as a broker and his background gives him a clear understanding of the issues faced by his customers.

He enjoys developing strong business relationships with our broker partners and building rapport with our capacity providers. Tibi says "If brokers provide a comprehensive submission, including a clear understanding of the risk involved, a good outcome for both parties is much more likely."

Tibi has experienced a big game drive in South Africa. After 15 hours in the bush one day, he was lucky enough to witness a pride of lions enjoying their catch under a tree. He also saw a cheeky hyena steal a limb off the lions' catch while they were eating and run away past his vehicle.

He supports NZ and SA rugby and likes to spend time with mates for a braai (BBQ) on weekends. He loves NZ but says "I can't believe my teenage daughter has been given a driver licence to terrorise the roads in Auckland."

Our Underwriting Development Managers are here to help

			
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Contact your UDM for product information, coverage advice, quotes or any other support
Email your Rosser Underwriting Development Manager: firstname.lastname@rosser.co.nz

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FREEPHONE: 0800 867 677

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, Restaurants/Bars
- Chartered Clubs
- Commercial Buildings
- Day Care/Child Care Centres
- Education Facilities
- 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 Lessees
- 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

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 risks

ROSSER
We've got you covered