

# Insurance Council of New Zealand Annual Review 2019

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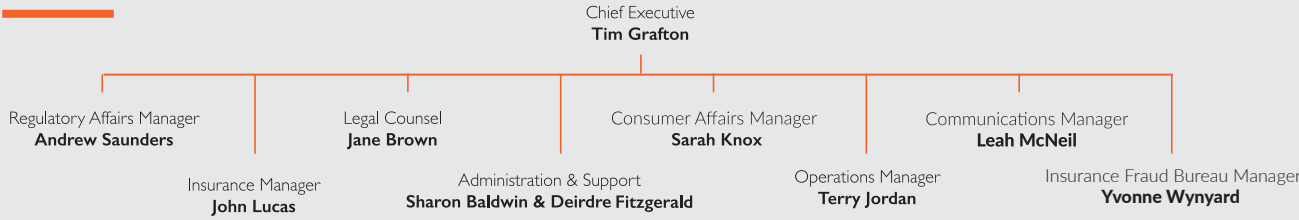


# Insurance Council of New Zealand Board and Staff

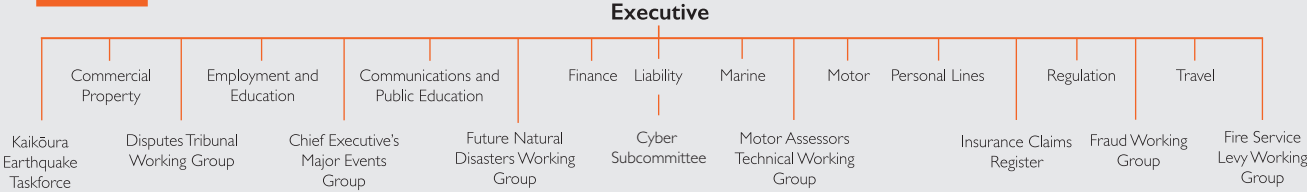
Left to right back row:  
 Sarah Knox (ICNZ), Chris Black (FMG), Craig Olsen (IAG), Richard Harding (Tower), Chris Curtin (AA Insurance), Andrew Saunders (ICNZ), Andrew Brooks (Chubb), John Lucas (ICNZ), Terry Jordan (ICNZ), Jane Brown (ICNZ), Yvonne Wynyard (ICNZ)

Left to right front row:  
 Andrea Dry (Swiss Re), Marc Guppy (Allianz), Tim Grafton (ICNZ), Martin Stokes - President (MAS), Paul Smeaton - Vice President (Vero), John Lyon (Hollard), Leah McNeil (ICNZ)

## Council structure



## Committee structure



## Mission:

Promoting and shaping a responsive and sustainable insurance industry to safeguard New Zealand.

## Vision:

New Zealanders have trust and confidence in the insurance industry.

## Values:

Doing what's right, setting and maintaining high standards, working constructively with all stakeholders, making things happen, and fostering awareness and understanding.



## President's Report

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2019 was a pivotal year as the insurance sector's focus shifted from catastrophe recovery, which had dominated the past decade, to the emergence of regulatory change across the sector.

Many regulatory changes were signalled or were subject to consultation in 2019 and will continue to dominate the work of the ICNZ over the next couple of years. This review of insurance is long overdue and we welcome it.

Much of the attention on insurance regulation during 2019 revolved around conduct with particular attention paid to the life insurance sector. General insurers though were asked to analyse the findings of the Australian Royal Commission into Banking, Superannuation and Financial Services Industry and the findings of the RBNZ/FMA reports into misconduct in the banking and life insurance sectors. That analysis was reported to each insurer's board reflecting the need for leadership to come from the top.

The ICNZ Board exercised its own governance over conduct when it approved the revised Fair Insurance Code, which will become operative for members from April 2020. The Code sets high standards well above regulatory requirements for all dealings with customers.

The distribution of insurance in New Zealand is complex. Roughly half of the general insurance cover written is intermediated with

broking partners playing an important role acting on behalf of the insured. I am pleased with the efforts made by ICNZ this year to work with the Government's advisors to explain the many ways in which product is sold and the nature of the relationships along the value chain to the customer.

General insurance safeguards over NZ\$1 trillion of New Zealand's assets and liabilities. It is critical therefore that the inter-relationship between risk transfer, price, resilience and the impact on the consumer are well balanced.

As insurers gain better understanding of seismic and over time climate change risks, pricing will adjust to reflect that risk. Improving public understanding of insurance and pricing changes is paramount. This is a perennial challenge, but one ICNZ has sought to meet through encouraging the adoption of plain English in policies and a financial capability outreach programme to the vulnerable in the community.

Central and local government and other stakeholders also need to be well informed about the natural hazard risks New Zealand faces. In 2019, ICNZ led a project exploring how New Zealand might develop a bespoke model of risk which could combine insurance loss data with science data to that end. This remains a work in progress which we hope the government and the science sector can support.

A milestone was reached in September with the launch of the Insurance Fraud Bureau as another service offered to members by ICNZ. Insurance fraud is not a victimless crime, but costs all those who insure themselves. Some estimates place the scale of fraud at over \$600 million per annum in New Zealand alone.

In March it was a pleasure to welcome KPMG as a new associate member of ICNZ. The membership proposition for a professional services firm offers mutual benefits, deepening the expertise available to members and the provider's insights into the sector.

On behalf of the Board, I would like to thank the team at ICNZ, ably led by Tim Grafton, for the work they do on our behalf and the many ways in which they support our members generally. I also want to acknowledge the retirement of ICNZ's Administration Manager,

Sharon Baldwin, who left ICNZ after 32-years' service. The chairs and members of ICNZ's various standing committees and working groups also do an outstanding job on behalf of the sector, so sincere thanks to these for their time and commitment in 2019.

Finally, I want to thank my fellow Board members for their support during this past year. The voluntary commitment and valuable contribution they make to serve our sector is greatly appreciated.



**Martin Stokes**  
President  
Insurance Council of New Zealand

## The five key pillars helping insurance safeguard NZ

**POLICIES to help INSURANCE SAFEGUARD NZ**



As part of our work with the Government and government agencies, we've identified 25 policy actions to help insurance safeguard New Zealand. These are outlined across five key themes - maintaining affordability, meeting customer needs, improving resilience, financial stability and efficiently managing risk. This is supported with our Policies for a Responsive and Sustainable Insurance sector guide and is shared with key stakeholders and political parties.



## Chief Executive's Report

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### Summary

Last year marked the start of a transition for the New Zealand insurance sector to a new regulatory era. It brought extensive consultation on proposed legislative and regulatory changes.

Regulatory change that makes our sector better is welcomed, though reform must be coherent, holistic and reflect good understanding of the many inter-dependencies across the insurance sector. It is paramount that general insurers continue to work cohesively in responding to these supervisory changes to ensure customers' interests lie at the heart of decision-making.

The new normal will see more intense prudential and conduct supervision. Consultation on prudential supervision will occur in 2020. In the conduct area, there will be greater onus on insurers to show customer centricity.

The revision to the Fair Insurance Code (the Code) was an important step ICNZ took this year to set higher standards for all our members' dealings with their customers.

Sharp increases in commercial property premiums in Wellington, which reflected better understanding of seismic risks, came to a head with the Mayor establishing a forum to inquire into insurance and central government

exploring intervention responses. ICNZ engaged intensively at both levels and with seismic engineers to better improve mutual understanding of risks and their mitigation.

In the context of natural hazards events, ICNZ investigated the feasibility of developing a bespoke model of New Zealand risk. Our ReZealiance Project explored whether it was possible to draw on the expertise of the insurance sector and public science institutions in New Zealand to create the most accurate, transparent, updated, detailed and integrated reference of the country's natural hazard risks.

Although 2019 was a benign one for extreme events, the last quarter saw some extraordinary losses emerge from unexpected quarters confirming the value of insurance to cover the unforeseen.

We were also able to extend our financial capability outreach programme and took a significant step toward insurance fraud reduction.

ICNZ continues to engage in international insurance forums through its membership of the Global Federation of Insurance Associations (GFIA) and the chief executive's role on its executive. This enables ICNZ to be at the forefront of global insurance issues and have input to them.

## Fair Insurance Code

During 2019 we completed our review of the Fair Insurance Code, with the revised version effective from 1 April 2020. Initiated in late 2017, the review incorporates feedback from industry, regulators, consumer groups and the general public. We worked with relevant experts to update key sections, for example the details on how the industry will comply with the privacy law were agreed on by the Office of the Privacy Commissioner.

Changes include making existing commitments of insurers to act transparently, with integrity and in utmost good faith clearer, and extending their responsibilities to include an expectation that insurers will also develop, market and sell their products responsibly. The Code also incorporate aspects of the FMA's Good Conduct Guide. An additional reporting requirement was added, with members required to make an annual attestation as to overall compliance to all provisions of the Code from April 2021.

We continue to work with our members to increase awareness of the Code. To support the release of the new Code ICNZ developed a set of guidelines for members and during the year we held a series of workshops on the implementation of the Code.

Our own self-regulatory regime is set by the Code and is overseen by three independent legal experts. I thank Sir David Carruthers, David McGee QC and David Caygill for their valuable contributions.

In 2019, insurers received 1.17 million claims, of which 6,500 led to complaints. This increase for the year shows the industry's commitment to doing right by the customer, with a greater range of complaints reviewed and processed. It was encouraging to see only 38 of the 283 complaints referred to the external dispute resolution schemes were upheld.

No. of Claims

**1,175,715**

No. of complaints to internal DR process

**6,592**

No. of complaints to external DR schemes

**283**

No. of complaints to external DR schemes withdrawn

**35**

No. of complaints to external DR schemes settled

**100**

No. of complaints to external DR schemes partially upheld

**24**

No. of complaints to external DR schemes upheld

**38**

No. of significant breaches

**11**

No. of unresolved significant breaches

**2**

NB: this data was reported to ICNZ by its members in January 2020 for the 2019 calendar year.

## Regulatory Change

ICNZ provided input to government on its proposals to better legislate the conduct of financial institutions and its review of insurance contract law. We are pleased to see the Bill that emerged on conduct reflected a principles-based approach which places the customer at the heart of decision-making.

We organised workshops to enable government advisors to better understand how to achieve this objective given the complexities of distribution. It will be critical for underwriters and brokers to work more closely together to achieve this and ICNZ has approached IBANZ with this in mind.

We welcomed proposals to consolidate insurance law into a single piece of legislation, requiring a proportionate response to non-disclosure, to place the onus on insurers to ask the right questions of customers for underwriting purposes and to ensure policies are written and presented clearly.

Concerns remain with how contract terms that are reasonably necessary are treated with respect to the Fair Trading Act. At the very least, terms that define the main subject matter of a contract - the risk insured, the premium and the insurer's liability - must remain outside this regime. These matters drive to the heart of risk transfer.

We have also submitted on the review of the Reserve Bank Act where we support improvements to the bank's governance and accountability.

## Responding to risk and building resilience

ICNZ successfully sought deferral of proposals to change the way the levy on insurance is applied to fund Fire and Emergency New Zealand (FENZ). We also achieved agreement with the Government to explore alternative options to funding FENZ. Submissions on alternative funding mechanisms were sought at the end of 2019. We shall continue to argue for a fairer way of funding this vital service including for a greater taxpayer contribution than the current two percent funding of costs.

We also provided input to the Public Inquiry into EQC and remain hopeful that it will see the merit of a future model where insurers manage and settle claims on behalf of EQC. A single point of responsibility and accountability for customers is critical as it brings efficiencies and removes unnecessary delays.

Insurers deeper understanding of risk through the Canterbury and Kaikoura earthquake experiences together with revised modelling of seismic risks has contributed to sharp premium increases in risk prone areas. This has highlighted an issue New Zealand must confront, namely, to place far more emphasis on the avoidance and control of risk than relying on the transfer of risk to do all the heavy lifting.

This is not solely a seismic problem. The same issue will increasingly manifest itself with climate change impacts and the availability of granular data to enable fairer pricing. We made strong representations to the Government that measures to build greater resilience and to avoid artificially suppressing risk signals through premiums is critical for the future.

The *ReZealience* Project is one important way in which our sector can contribute to a New Zealand-wide approach to risk reduction. Our work on this has highlighted the need for government leadership to co-ordinate the many stakeholders required to realise this aspiration.

## Climate Change

ICNZ invested considerable effort in successfully calling for the 'Zero Carbon Bill' to include adaptation as one of the Bill's primary purposes. Our strong view is that adaptation or risk reduction should be treated with equal importance to greenhouse gas emissions reduction. This call was heeded with the new Act requiring the new Climate Change Commission to be charged with reporting on the need to reduce climate change risks.

We provided input to consultation papers on climate change disclosure requirements and funding local government to mitigate climate risks.

ICNZ also contributed to the Aotea Circle's initiative to create a Sustainable Financial Roadmap for New Zealand by being part of the technical working group. The draft report was released for public consultation late in 2019.

The Chief Executive continued to chair the Deep South Science Challenge's representative users' group providing input to research into climate change adaptation.

## Financial Capability

ICNZ's efforts to improve financial capability saw our partnership with Banquer achieve 100,000 downloads in schools of the interactive videos 'What is Insurance' and 'Manage your Risk'. Our partnership with FinCap, which involves training the trainers about risk and insurance, enabled us to reach 12,000 vulnerable people in the community.

## Fraud

ICNZ launched its Insurance Fraud Bureau in September with its own website. It attracted wide public attention and international acknowledgement from peer organisations. Its focus will be on raising awareness of fraud and working with like-minded organisations on fraud prevention.

## ICNZ Conference

Our annual conference in November attracted 380 attendees. We ran two themes on conduct and culture, and resilience. It was a highly successful conference with attendees' evaluations showing they find this to be an important and valuable event.

## International

Our involvement in the GFIA saw ICNZ engage in bilateral discussions with the executive of the global insurance regulatory organisation the International Association of Insurance Associations. We reported back to members emerging challenges in the areas of cyber and disruptive technology, and climate risks where ICNZ has been an active participant.

## Thank you

I am grateful for the hard work and support of my team at ICNZ. They have achieved a lot for members over the past year and make a valuable contribution to our sector. ICNZ ended the year in a strong financial position with reserves of \$2.0 million. It was with sadness that we said farewell to our longest serving member of staff, Administration Manager, Sharon Baldwin, who opted for retirement at the end of the year. She joined ICNZ in 1987, worked under four chief executives and was a highly dedicated member of the ICNZ team.

Our effectiveness as an organisation is also dependent on the support we have from our members. I particularly want to thank the President for his support and guidance and the Board for their help in leading our sector.



**Tim Grafton**

Chief Executive  
Insurance Council of New Zealand



## ICNZ launches Insurance Fraud Bureau



In September ICNZ established the Insurance Fraud Bureau (IFB) bringing the general insurance industry together to help reduce the impact of insurance fraud in New Zealand.

Fraud is currently estimated to cost the insurance industry up to \$614 million each year. Sadly, this is not a victimless crime with a portion of all policyholder premiums covering the cost of fraudulent claims.

While insurance fraud is illegal in New Zealand it is common to hear people talk about inflating insurance claims or claiming for accidents that didn't happen. At the other end of the spectrum, insurance fraud can be a means to financing organised crime. As a result, the IFB's biggest role

is to educate everyday New Zealanders about what insurance fraud actually is and what engaging in it could mean for policyholders.

Coordinating the industries efforts, the IFB provides a central point of contact for general insurance fraud issues and allegations. It is also working to develop a centre of excellence for anti-fraud initiatives, researching national and international trends and analysing New Zealand insurance fraud data to help find and reduce instances of insurance fraud.

[www.ifb.org.nz](http://www.ifb.org.nz)



## Developing the next generation of insurers

ICNZ's support for developing emerging young leaders continued in 2019 through its funding of the annual ICNZ-ANZIIF scholarship. This year's winner was Euan Osborne, an Underwriter, Financial Lines at Chubb (New Zealand). Euan submitted a well-structured, researched and written essay on the implications of advanced data analytics and more granular, risk-based pricing on insurers, customers and other stakeholders. Euan will use his \$10,000 grant to attend the Cyber Insurance USA Conference in Chicago, USA.



## Developing risk knowledge in schools

In 2019 Insurance Day supported the Money Week theme of 'Looking to the future' by holding a day of activities with Pasifika students at a South Auckland school alongside its partners Young Enterprise and Banqer. Run with the help of ICNZ's members, students were taken through the Banqer game to learn about risk and experience first-hand the financial consequences of not planning and protecting themselves.



Photo supplied by IAG

## Extreme events

Apart from the fires in the Nelson region, much of 2019 was a benign year for extreme events. This changed quickly in the final quarter with the Sky City Convention Centre fire in October and the hailstorm that hit Timaru in November. Insured losses for these events are still being calculated, but these are expected to run into the hundreds of millions of dollars.

The destructive power of hailstorms is seldom experienced, but when the ferocity of those storms is concentrated on urban areas, they can cause considerable damage to motor vehicles and glass structures. It is estimated that around 10,000 motor vehicles sustained damage with insured losses of approximately \$84 million.



## Resilience - the importance of base isolated structures

An insurance advisory issued in August addressed growing concerns about the vulnerability of commercial buildings to earthquakes – particularly those in high seismic risk areas such as Wellington. The advisory presented a case for base-isolated structures with stable foundations in earthquake zones. It outlined the building cost differential alongside the benefits for insurance negotiations, long-term savings, increased business confidence, less business interruption, a more sustainable economy and an attractive proposition to insurers, tenants, purchasers and local government. We also held workshops with engineers, body corporates and commercial property underwriters about the design and quality of the seismic performance of buildings and its impact on insurance.



## Understanding the effect of Climate Change in the Pacific with KiMuaNZ

In July, ICNZ Chief Executive Tim Grafton, presented to the Exploring Climate Futures Workshop for Pasifika youth which culminated in their powerful presentations to the Governor-General on the plight of the island nations from the impacts of climate change. ICNZ spoke on parametric insurance triggered by defined seismic or climate events which lead to immediate cash injections, so minimising the need for fragile economies to divert funds from development pre-event or borrow post-event.



## Fair Insurance Code logo

During the year we worked with our members to ensure greater awareness of the Code, supporting their implementation of the Fair Insurance Code logo across websites and all claims and complaint communications with their customers. The logo is a visual marker that is intended to improve public awareness of the Code and provide assurance to consumers that the insurance company they are dealing with has high standards of service and will act honestly, fairly, transparently and with the utmost good faith towards them. We also worked with members to review and update the Fair Insurance Code, with a revised version effective from April 2020.

# Council activities 2019

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The following list identifies the specific work outcomes of the Council and its standing committees and working groups. While the activities vary in scale, all contribute to delivering the strategic priorities of members and the Board.

## Submissions to and work with Government

- Treasury on Phase Two of the Review of the Reserve Bank Act
- Public Inquiry into the Earthquake Commission
- Ministry of Business, Innovation and Employment (MBIE) on the conduct of financial institutions
- MBIE on the review of insurance contract law
- MBIE on the Financial Markets Conduct (Regulated Financial Advice Disclosure) Amendment Regulations
- FMA on proposed standard conditions for financial advice provider transitional licences
- MBIE on financial advice provider licensing fees and changes to the FMA levy
- MBIE on protecting businesses and consumers from unfair commercial practices
- MBIE on the review of Section 36 of the Commerce Act and other matters
- Ministry for the Environment on climate-related financial disclosures
- Environment Select Committee on the Climate Change Response (Zero Carbon) Amendment Bill
- Finance and Expenditure Select Committee on the Credit Contracts Legislation Amendment Bill
- Transport and Infrastructure Select Committee on the Maritime Transport (Offshore Installations) Amendment Bill
- Ministry of Transport on proposed amendments to the financial assurance regime for offshore installations
- Ministry of Transport on drone safety
- Productivity Commission on local government funding and financing
- MBIE on building system legislative reform
- MBIE on proposed regulatory framework for dam safety
- MBIE on Building Code updates
- MBIE on Proposed Schedule 1 Building Consent Exemptions
- NZ Transport Agency on Land Transport Rule – Light-vehicle Brakes Amendment 2019
- NZ Transport Agency on Land Transport Rule (Driver Licencing) Amendment Rule 2019

Submissions can be found online at [www.icnz.org.nz/submissions](http://www.icnz.org.nz/submissions)

**Discussions were also had with:**

- Department of Internal Affairs on implementing the revised FENZ levy and on the FENZ funding review
- Treasury on the insurance sector
- RBNZ on the prudential regulation of insurers
- EQC on the development of a future model for settling claims for residential buildings
- MBIE's Low Damage Design Steering Group (new buildings)
- MBIE home building warranties
- The Association of Building Compliance Annual Conference in Auckland - on fire risk and insurance
- Insurance Construction Law Conferences in Christchurch and Auckland
- Institute of Chartered Accountants, Nelson/Tasman Conference
- Ministry of Business, Innovation and Employment (MBIE) Business Boost Program at four Locations in Hawke's Bay
- Eleven sessions on Risk Management and Insurance with financial mentors and budget advisors in nine locations New Zealand wide

**Earthquake-related matters (Canterbury and Kaikōura)**

- Collected and published progress statistics on a quarterly basis.
- Assisted MBIE with statistics for Ministerial reporting and provided Treasury with statistics for Ministerial reporting.
- Worked with EQC to develop a model for responding to future natural disasters with the aim for insurers to manage and settle all claims.
- Institute of Professional Engineers Australasia Annual Conference, Delivering on Reform - managing risk and building resilience, Wellington
- McGuinness Institute Youth Workshop, Climate Change issues to Young Pasifika leaders programme, Wellington
- Christchurch City Council Mayor and councillors on risk and insurance
- Property Law Section, New Zealand Law Society, Christchurch
- CPA on ICNZ's work, Auckland
- Property Council Winter Series on repricing of seismic risk, Wellington

**Disaster response**

- Attended two public meetings and liaised with local councils to facilitate recovery efforts following the February 2019 Tasman wildfires
- Further work with EQC to develop an agreed protocol for land clean up beneath dwellings following flood events.
- PROMINZ National Conference, Auckland
- Financial Services Council Risk Panel
- ANZIIF Liability Conference Panel
- Wellington Body Corporates Chairs Group
- Deep South Conference, Adaptation panel
- Auckland Body Corporates Chairs group
- Fair Insurance Code Roadshows

**Presentations****Council staff made presentations to:**

- The Wellington Insurance Taskforce Mayoral Forum on the structure of the insurance sector
- Transparency International New Zealand Panel speech at New Zealand Trade and Enterprise on the Financial Integrity System Assessment
- Palmerston North and Upper Hutt Citizens Advice Bureau
- The Philippines Government and World Bank study visit to New Zealand

## Committee activities

### Commercial Property Committee

- Developed an ICNZ Website Risk Bulletin outlining technical resilience advantages of base isolated building structures and why these are favoured by insurers.
- Developed a cautious position on the use of Expanded Polystyrene Foam used in building construction.
- Developed technical material for the Wellington Mayors Forum regards the rising costs for earthquake insurance in the region.
- Developed a joint Business Interruption Training workshop with Munich Re and IBANZ.
- Delivered a joint ICNZ/Society of Earthquake Engineers Workshop for property underwriters detailing past and present earthquake building codes and where codes are likely to go in the future.
- Facilitated educational site visits alongside Society of Earthquake Engineers for base-isolated buildings in Wellington for the Commercial Committee's members.
- Continued to promote the 2018 videos developed with Banqer to educate youth on insurance achieving close to 100,000 views.
- Hosted a Money Week event for South Auckland Pasifika schools with partners Banqer and Young Enterprise using the Banqer programme to learn about risk and insurance.
- Awarded the Canterbury University-ICNZ prize for business journalism to the top student in the Journalism School.
- Promoted teacher and student resources to support four Personal Financial Management Unit Standards at NCEA Levels 2 and 3.
- Co-delivered with FinCap the second risk management and insurance training module for financial mentors working with financially vulnerable clients.

### Employment and Education Committee

- Produced the insurance sector's annual Remuneration Survey.
- Monitored and discussed Health and Safety best practice.
- Held a culture workshop with FMA and RBNZ to discuss the culture element of conduct and culture.
- Acted as a key reference point for ANZIIF in New Zealand, including supporting and having input into future learning modules such as a conduct skills unit.
- Liaised with EQC on training of staff on the revised EQC Act.
- Monitored employment and education law and regulatory changes and proposals such as the vocational education proposed restructure.
- Received presentations, analysis and tools on relevant issues such as gender-pay comparisons, domestic violence policies and the Rainbow Tick.

### Communications and

### Public Education Committee

- Monitored reputation and media issues across the industry, with attention to heightened regulatory change.
- Held a Wellington 'Government Day' meeting officials and ministers on areas of interest such as communication of risk and pricing in Wellington, conduct regulation, and climate change and resilience.
- Achieved an industry wide commitment to Plain English working alongside Write Ltd.
- Developed a series of educational videos for social platforms on car insurance.

- Agreed to start an informal learning discussion group for Learning and Development staff in the industry.

#### Finance Committee

- Provided feedback to RBNZ on data returns for its draft guidelines and definitions.
- Met with the NZ Society of Actuaries to discuss the RBNZ Appointed Actuary Thematic Review and issues that affect insurers.
- Wrote to RBNZ with the Council's thoughts on the role of Appointed Actuaries for the Bank's Thematic Review.
- Discussed and clarified the requirements around claims payments to non-registered, non-residents where insurers are unable to claim input tax credits.
- Received an update from KPMG on IFRS 17 and the revised exposure draft.
- Reviewed the UN Sustainable Insurance Initiative guide for underwriting environmental, social and governance risks for non-life insurance business.
- Held a training session for accounts staff on understanding insurance pricing, presented by Simon Young and Emma Vitz of Finity.
- Received a presentation from Catherine Francis from PWC on insurance GST issues, including insurance claims payments to third parties.
- Held a training session in conjunction with CPA, with a presentation on ICNZ work on behalf of insurers with government, agencies and industry stakeholders.
- Wrote to RBNZ on the treatment of intangible assets and the impact on insurers' solvency.
- Provided feedback to RBNZ on their proposal to begin publishing solvency statistics.
- Collated information on the costs to insurers to manage the changes to their systems and processes for the 1 July changes to the EQC Act.

- Coordinated the collection of ICNZ members' quarterly statistics.
- Hosted the New Zealand Society of Actuaries for joint discussions on IFRS 16, IFRS 17 and solvency and capital issues.

#### Liability Committee

- Received a presentation from Professor Rob Merkin on recent liability case law in New Zealand, Australia and the United Kingdom.
- Discussed developments in the American liability market with a representative from the American Property Casualty Insurance Association.
- Provided oversight and input to the Cyber Risks Subcommittee and cyber-related issues which included writing two articles for the Institute of Directors' Boardroom magazine.

#### Marine Committee

- Updated the 2019 Marine Large Loss statistics for New Zealand.
- Completed the annual statistical claims and premium return to the International Union of Marine Insurers.
- Update of the Marine Committee Kiwi Rail Casualty Procedures advisory.
- Attended and supported the New Zealand branch of the Maritime Law Association of New Zealand & Australia annual conference.
- Represented insurers on Maritime New Zealand's Safer Boating Forum.
- Held a joint Committee meeting with the Coastguard New Zealand to consider the Committee's strategy on continuing to lobby for compulsory pleasure craft licencing and operator competency standards.
- Maintained a watching brief on the development of insurance contract law reform with particular reference to the adoption of the important elements of the Marine Insurance Act 1908.

### Motor Committee

- Participated in the ICNZ/Banquer Financial Capability programme for schools that focused on motor insurance.
- Updated member guidelines for rental vehicle loss of use calculations that are based on vehicle running cost provided by the Automobile Association.
- Supported a number of NZTA Rule updates in 2019 for motorcycle brakes and driver licencing amendments to improve safety and compliance.
- Developed joint communication with the Automobile Association about the risks of accidental fuel contamination with diesel exhaust emission fluid.
- Kept a watching brief on the overseas incidences of lithium ion battery fires in electric vehicles.
- Advised members on the correct procedures for accessing information from the Coroners Office.
- Carmen Vicelich from Valocity presented to the committee on how information they have on properties could be used by insurers.
- Hawkes Bay Regional Council presented to the committee on the results of their ongoing work in dealing with coastal risks on the Hawkes Bay coastline from Clifton to Tangoio.
- Reviewed and terminated the Standstill Agreement among insurers in the light of changes to the Residential Tenancies Act.
- Hosted Wellington Regional Emergency Management Office for a presentation on their proposal to develop a programme to get property owners to strengthen their dwelling foundations.
- Developed a series of consumer guides for the ICNZ website on insurance issues and definitions for home and contents policy holders.

### Personal Lines Committee

- Assisted EQC with insurers views on changes to the EQCover Insurers Guide in relation to Airbnb properties and holiday accommodation and the definition of a dwelling.
- Liaised with EQC on the changes to the EQC Act and decisions needed for a smooth implementation of these including the technical definition of policy anniversary date and start date.
- Reviewed insurance issues around E-bikes and how these are treated by NZTA.
- Updated the personal effects list in the ICNZ Fixtures and Fittings schedule.
- Provided input to EQC in support of a request for insurers to be provided with a list of properties with (EQC Act) section 28 notices on their title.

### Regulation Committee

- Facilitated and advised on submissions for a range of regulatory issues (see section on Submissions and Work with Government).
- Monitored regulatory developments that may have an impact on the insurance sector.

### Travel Committee

- Liaised with the Minister of Foreign Affairs and Minister of Justice regarding decision-making for incapacitated travellers.
- Wrote to the New Zealand Transport Agency and Maritime New Zealand, advocating for New Zealand to sign up to the Athens Convention.
- Worked with Colmar Brunton to conduct market research into the travel insurance industry and trends.



## Working group activities

### Disputes Tribunal Working Group

- Successful training workshop for insurers staff that attend the Dispute Tribunals to settle motor claims and understand the new rules for authorised agents being able to attend hearings.
- Discussed general issues affecting the efficient interface between insurers and the Disputes Tribunal.

### Fire Service Levy Focus Working Group

- Met with the Department of Internal Affairs officials to discuss the initial thinking by Government on the new Fire and Emergency funding options

### Motor Assessor Technical Working Group

- Maintained a watching brief on the automotive glass repair industry's development of a code of practice for windscreen installs and Advanced Driver Assistance System (ADAS) recalibrations.
- Jointly lobbied with the Smash Repair Industry and formal meeting with the Ministry of Transport to update the light vehicle repair rule that is now over 20 years old.

### Insurance Fraud Bureau Working Group

- Established the working group with a Charter and Terms of Reference that expands the groups' remit to establish a New Zealand Inc. approach to fraud.

## Insurance Claims Register (ICR)

### Insurance Claims Register (ICR)

- Implemented several upgrades to the ICR, including search algorithms and functionality.
- Provided consistently reliable service with no operational outages reported during the year.
- MOU between ICNZ and ICR Ltd signed for the purpose of identifying the correct insurer vs claimant.
- Legal documents were reviewed and updated where applicable.
- Privacy risk assessment was conducted with recommendations for consideration made.

## Industry Statistics to 30 September 2019

### All Business

Year-end	2015	2016	2017	2018	2019
Gross Written Premium	5,260,803,452	5,345,220,235	5,727,157,999	6,320,894,581	6,820,298,460
Net Written Premium	3,880,463,935	3,425,022,923	3,975,655,149	4,273,100,623	4,600,036,897
Net Earned Premium	3,895,768,305	3,366,482,641	3,784,224,340	4,049,633,966	4,410,796,801
Net Claims Incurred	2,546,016,620	1,968,592,517	2,710,849,427	2,412,636,982	2,300,034,410
Loss Ratio %	65.35%	58.48%	71.64%	59.58%	52.15%
Business Costs (Staff etc)	1,367,165,689	1,186,539,400	1,236,198,791	1,242,779,943	1,325,061,078
Combined Ratio %	100.45%	93.72%	104.30%	90.27%	82.19%

### Commercial Material Damage and Business Interruption

Year-end	2015	2016	2017	2018	2019
Gross Written Premium	687,192,670	680,630,993	720,886,662	821,348,477	923,276,042
Net Written Premium	346,431,648	357,611,986	375,638,036	439,060,052	504,556,262
Net Earned Premium	369,677,595	360,357,963	365,001,083	392,999,915	456,514,539
Net Claims Incurred	208,771,487	243,994,226	266,340,393	279,983,629	239,015,033
Loss Ratio %	56.47%	67.71%	72.97%	71.24%	52.36%

### Domestic Buildings and Contents

Year-end	2015	2016	2017	2018	2019
Gross Written Premium	1,522,053,535	1,560,818,092	1,653,980,584	1,785,251,411	1,864,492,475
Net Written Premium	1,210,698,365	1,149,372,792	1,248,972,005	1,254,418,489	1,273,910,939
Net Earned Premium	1,186,680,158	1,129,099,427	1,201,103,163	1,208,555,478	1,248,907,489
Net Claims Incurred	634,005,780	624,059,237	716,800,290	703,854,646	609,379,099
Loss Ratio %	53.43%	55.27%	59.68%	58.24%	48.79%

### Motor Commercial and Private

Year-end	2015	2016	2017	2018	2019
Gross Written Premium	1,564,349,422	1,644,119,117	1,833,142,184	2,089,081,449	2,246,287,211
Net Written Premium	1,477,793,120	1,422,592,371	1,568,885,993	1,664,815,382	1,733,682,657
Net Earned Premium	1,444,274,566	1,377,217,656	1,475,665,889	1,564,914,747	1,671,167,121
Net Claims Incurred	1,003,957,760	1,023,576,910	1,132,804,218	1,139,574,076	1,159,798,847
Loss Ratio %	69.51%	74.32%	76.77%	72.82%	69.40%

**Marine Hull and Cargo**

Year-end	2015	2016	2017	2018	2019
Gross Written Premium	137,394,192	126,516,762	134,650,106	136,255,756	149,260,058
Net Written Premium	107,813,364	93,028,019	101,443,977	97,977,744	105,442,174
Net Earned Premium	108,805,543	92,816,802	99,540,458	98,062,171	100,220,644
Net Claims Incurred	54,977,363	62,428,514	59,343,187	62,979,376	59,094,113
Loss Ratio %	50.53%	67.26%	59.62%	64.22%	58.96%

**Liability Professional & Defamation, Directors & Officers and Public Product & Other**

Year-end	2015	2016	2017	2018	2019
Gross Written Premium	468,311,462	481,262,837	521,877,213	553,667,536	614,601,218
Net Written Premium	338,478,576	330,448,687	358,875,086	366,211,203	403,593,216
Net Earned Premium	339,225,156	320,109,298	343,539,963	356,371,538	376,198,764
Net Claims Incurred	78,081,999	112,861,384	100,322,242	114,795,055	147,256,363
Loss Ratio %	23.02%	35.26%	29.20%	32.21%	39.14%

**Earthquake Domestic, Commercial Material Damage, Business Interruption and Marine Cargo**

Year-end	2015	2016	2017	2018	2019
Gross Written Premium	560,528,347	513,288,251	554,701,233	621,395,116	712,986,291
Net Written Premium	226,368,484	-81,596,028	177,202,600	287,214,134	341,415,779
Net Earned Premium	261,986,321	-73,258,527	157,686,791	275,669,622	325,014,849
Net Claims Incurred	457,937,219	-204,420,440	363,309,158	40,281,584	-37,340,918
Loss Ratio %	174.79%	279.04%	230.40%	14.61%	-11.49%

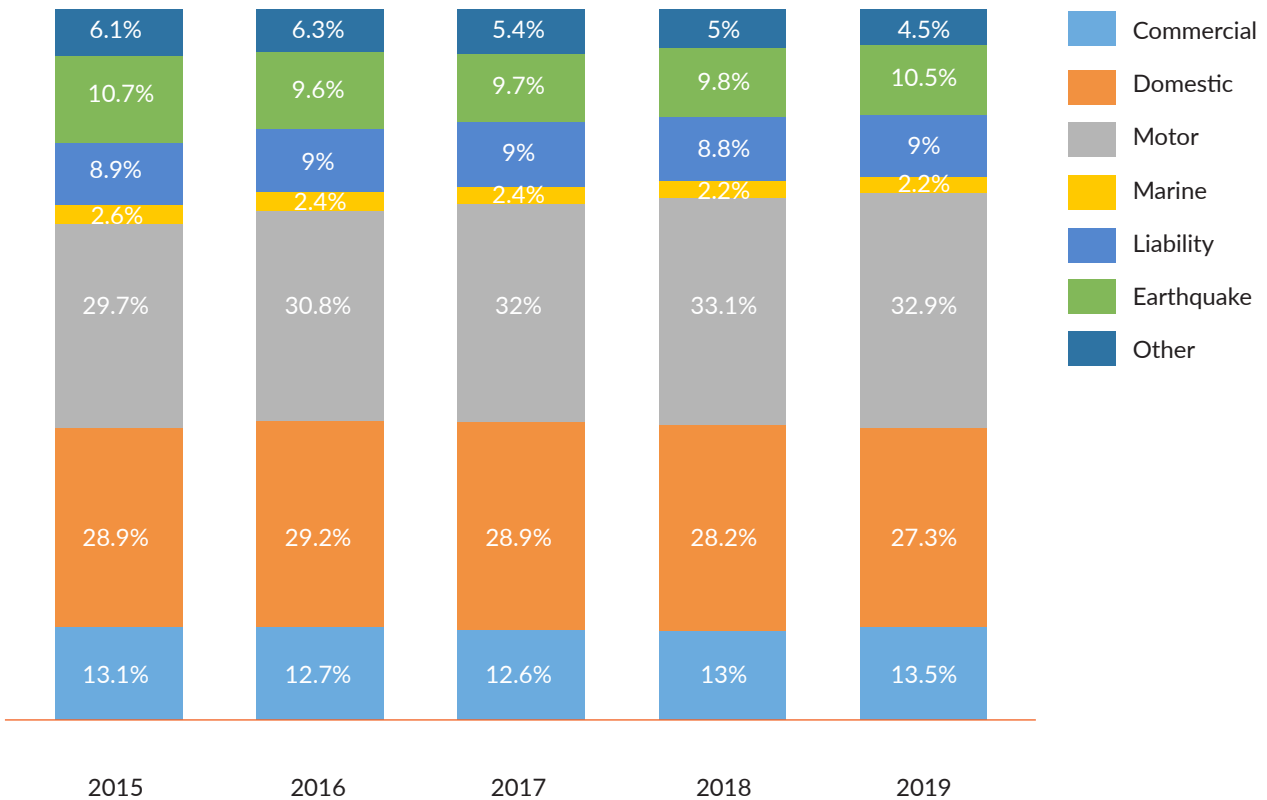
**Other Personal Accident, Travel, Livestock and Other**

Year-end	2015	2016	2017	2018	2019
Gross Written Premium	320,973,824	338,584,183	307,920,017	313,894,836	309,395,165
Net Written Premium	172,880,378	153,565,096	144,637,452	163,403,619	237,435,870
Net Earned Premium	185,118,966	160,140,022	141,686,993	153,060,495	232,773,395
Net Claims Incurred	108,285,012	106,092,686	71,929,939	71,168,616	122,831,873
Loss Ratio %	58.49%	66.25%	50.77%	46.50%	52.77%

## Gross Written Premiums of Business Classes

Year-end	2015	2016	2017	2018	2019
Commercial	687,192,670	680,630,993	720,886,662	821,348,477	923,276,042
Domestic	1,522,053,535	1,560,818,092	1,653,980,584	1,785,251,411	1,864,492,475
Motor	1,564,349,422	1,644,119,117	1,833,142,184	2,089,081,449	2,246,287,211
Marine	137,394,192	126,516,762	134,650,106	136,255,756	149,260,058
Liability	468,311,462	481,262,837	521,877,213	553,667,536	614,601,218
Earthquake	560,528,347	513,288,251	554,701,233	621,395,116	712,986,291
Other	320,973,824	338,584,183	307,920,017	313,894,836	309,395,165
Total	5,260,803,452	5,345,220,235	5,727,157,999	6,320,894,581	6,820,298,460

### Gross Written Premiums of Business Classes by Percentage year ended 30 September 2019



## President

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**Martin Stokes**  
MAS

## Board

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**Chris Black**  
FMG

**Andrew Brooks**  
Chubb

**Chris Curtin**  
AA Insurance

**Andrew Flitcroft**  
Gen Re (till March)

**Marc Guppy**  
Allianz

**Richard Harding**  
Tower

**John Lyon**  
Hollard

**Craig Olsen**  
IAG

**Paul Smeaton (Vice President)**  
Vero

**Andrea Dry**  
Swiss Re (from March)

## Standing Committees 2019

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### Commercial Property Committee

Malcolm Beaton	Berkley Re (to April)
Brett Clark	AIG
Jonathan Cleland	FMG
Marc Guppy	Allianz
Sheema Khurshed	Swiss Re
Graeme Lynskey	Hollard
Graham Martin	Vero
David Moffatt	Chubb (to June)
John Hardiman	Chubb (from August)
Raj Parikh	New India Assurance
Wendy Perry	Zurich
Gavin Peart	Munich Re
Richard Rolston	QBE
Andrew Smith	Guy Carpenter
John Stubbs	Gen Re
Bryan Tedford (Chair)	IAG
John Whitta	Tower
Marcel Wratt	MAS

### Communications & Public Education Committee

Mike Davy	MAS
Glyn Jones	IAG
Amelia Macandrew	AA Insurance
Nicholas Meseldzija	Tower
Shannon Morrison	AIG (to July)
Nicola Vallance	AIG (from August)
Bridget Nicol	QBE
Tony Reid	Vero (to October)
Bridget Catchpole	Vero (from October)
Alyce Verboon	Chubb (from April)
Allison Way	Youi
Colin Wright (Chair)	FMG

## Employment and Education Committee

Sonya Cornwall	IAG
Jenny Erasmus	AIG
Nikki Howell (Chair)	AA Insurance
Renee Hurley	Youi
Sarah Latch	Zurich
Natalie Lombe	FMG (to August)
Garth Freeman	FMG (from August)
Michelle McBride	Tower
Ross McMillan	MAS
Rebecca Mowat	Ando
Suzannah Rhoda	Chubb
Lisa Rodgers	Vero

## Finance Committee

Zak Abro	QBE (from July)
Michelle Burton	Vero
Peter Chalkias	Chubb
Martin Chisholm (Chair)	AA Insurance
Melissa Christison	AIG
Anna Chung	Latitude
Jeremy Fergusson	Tower (to June)
Paul Harvey	Allianz
Jonathan Hayes	Tower (from June)
Matthew Judge	MAS
Dave Kibblewhite	FMG
Terry Lawrence	QBE (to June)
Samantha Morgan	Youi (to April)
Nicholas Moss	KPMG
Doris Niyonsaba	Zurich
David Old	Provident
Dipti Pavaskar	New India Assurance
Simon Reading	Youi (from April)
Alistair Smith/Martin Stott	IAG
Kudzaishe Tagwirey	Hollard
Scott Unterrheiner	Gen Re

## Liability Committee

Heather Bailey	Vero Liability
Marianne Barclay	TokioMarine & Nichido Fire Insurance (from November)
Malcolm Beaton	TokioMarine & Nichido Fire Insurance (to November)

Brent Burrett	Ando/Hollard
Ryan Clark (Chair)	IAG
Jeno Capo	IAG (from November)
Emily Craig	Allianz
Mark Downes	Chubb
Scott Galloway	Lloyds
Max Garratt	Willis Re
Nicky Hughes	FMG
Nicholas Murphy	Gen Re
Philip Murphy	QBE
Raj Parikh	New India Assurance
Bhairav Shah	AIG
Richard Upton	Zurich
Jade Wahlen	Guy Carpenter
John Whitta	Tower
Simone Williams	Munich Re

## Marine Committee

Karl Baylis	Tower (to July)
Ian Dearmun	Willis Re
Louise Hattingh	IAG/NZI Marine
John McKelvie (Chair)	Vero Marine
Alistair Monk	AIG
Chris Nixon	QBE Marine
Matthew O'Sullivan	Zurich
Korey Pese	Allianz
Henry Wallace	Ando
Justin Xu	Munich Re

## Motor Committee

Matt Carkeek	MAS
Fei Ding	Tower (from November)
Tom Duke	Tower (to November)
Greg Evans	FMG
Gaye Fowler	Zurich
Michael Hookham	Vero
Matt McEaney	Zurich
Rick Miranda	Youi
Blair Robertson	Ando
Andrew Roy	Allianz
Daryl Roycroft	AA Insurance
Venkat Sridhara	New India Assurance
Ian Taylor (Chair)	IAG
Dave Walker	Provident

## Personal Lines Committee

Phil Clark	MAS
Ian Dearmun	Willis Re
Tom Duke	Tower (from November)
Richard Godman (Chair)	Vero
Ginni Holland	Ando
Steve Jordan-Law	IAG
Michelle Le Long	Youi (to November)
Kim Meyer	AA Insurance (to May)
Ronald Mudaliar	Tower (to November)
Dolores Naidu	AAI (from June)
Tash Nordstrand	Chubb
Jade Wahlen	Guy Carpenter
Jacquelyn Wilson	AIG (to September)
Sandra Wong	FMG

## Regulatory Committee

Paul Barton	MAS
Mike Brooks	Hallmark/Latitude
Michael Burrowes	Cigna
Fiona D'Young	Tower (to June)
Bryce Davies	IAG
Donna Everett	AA Insurance (to August)
Lucy Fairley	Chubb (from May)
Scott Galloway	Lloyd's
Suresh Gurav	New India Assurance
Wendy Lau	Ando (to August)
James Lawrence	Munich Re
Roslynd Lee	Allianz
Siu Yin Liu	Gen Re
Kim Meyer	AAI (from August)
Vicki Mullen	Swiss Re (to August)
Jamie Munro	KPMG
Lisa Murray	FMG
Olivia Neubauer	QBE
Nick Neville-Dowler	Youi (to November)
Nicola Ngan	Vero
David O'Carroll	Tower (from October)
Juliette Rockel	Chubb (to May)
Richard Shine (Chair)	AIG
Andrew Smith	Guy Carpenter
Joaquim Smith	Tokio Marine (to May)
Brett Wainhouse	Zurich
Dave Walker	Provident
Tony Wang	Willis Re
Claire Wilson	Hollard (from August)

## Travel Insurance Committee

Mathew Abbott (Chair)	AIG
Karl Baylis	Tower
Karl Dixon	Zurich/Covermore
Scott Galloway	Lloyds
Alison Manning	Cigna
Stefan Schmid	Chubb
Richard Warburton	Lloyds/1Cover
Fiona Wong	Allianz Global Assistance (to September)

## 2019 Members

AA Insurance  
AIG  
Allianz  
Berkley Re  
CBL Insurance  
Chubb  
Cigna New Zealand  
FMG  
General Re  
Guy Carpenter  
The Hollard Insurance Company  
IAG (AMI, State, NZI, Lumley)  
KPMG  
Latitude Financial Services  
Lloyd's  
Medical Assurance Society  
Mitsui Sumitomo  
Munich Re New Zealand  
The New India Assurance Company  
Provident  
QBE  
Southern Response  
Swiss Re  
Tokio Marine & Nichido Fire Insurance  
Tower  
Vero  
Willis Re  
Youi  
Zurich

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Wellington 6001

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