



Insurance Council **Review 2012**

Insurers have worked on many fronts to progress earthquake claims in Canterbury. This work will be critical to the progress that will be made over the next few years.



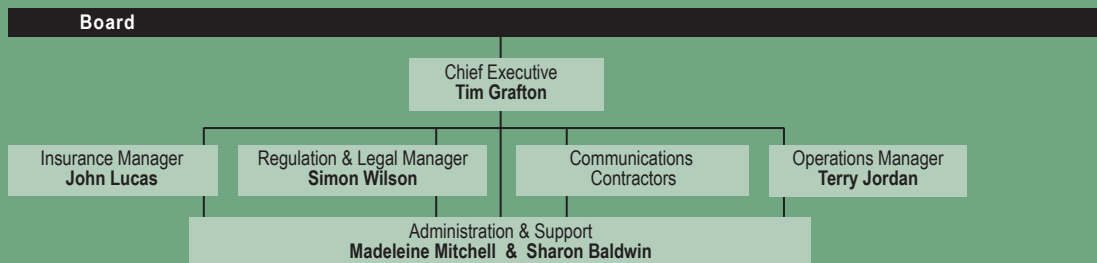
Insurance Council of New Zealand Board 2012

Inset: Martin Stokes MAS.

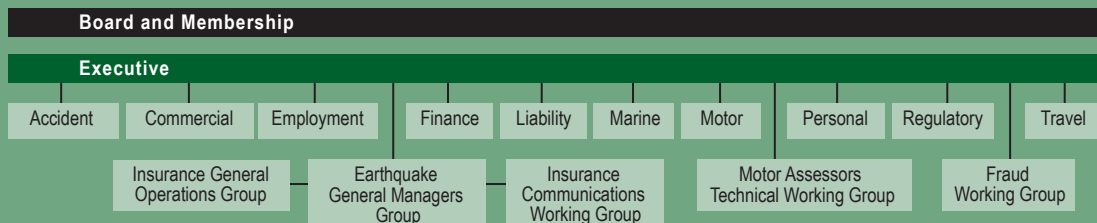
Back row, left to right: Tony Gallagher Gen Re, Chris Curtin AA, Cris Knell AIG, John Lyon Lumley, Martin Kreft Munich Re, Terry Jordan ICNZ.

Front row, left to right: John Lucas ICNZ, Tim Grafton *Chief Executive* ICNZ, Jacki Johnson *President* IAG, Chris Black *Vice President* FMG, Gary Dransfield *Vero*.

Council Structure



Committee Structure



Vision

The Insurance Council of New Zealand provides members with the means to deal with issues that are more effectively and efficiently handled on a collective basis. It works to increase their efficiency, image and financial strength as they serve their customers and community.



Insurers will meet most of the \$30 billion that the Canterbury earthquakes will ultimately cost.

President's Report

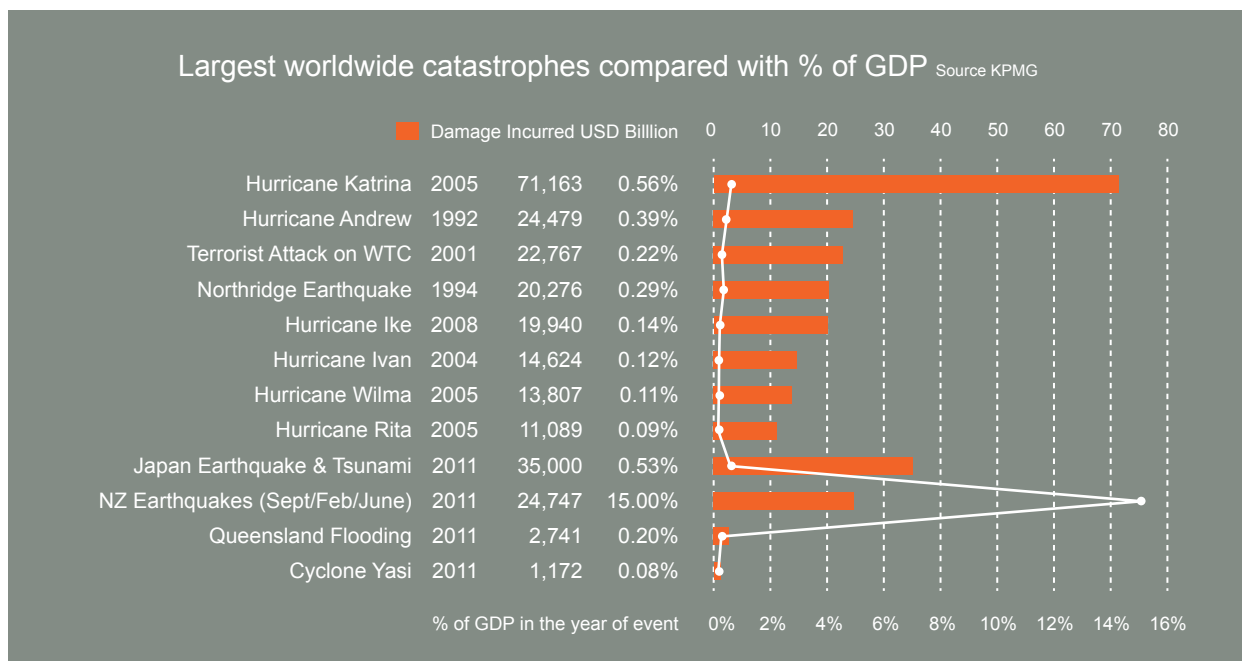
In a world that is becoming more uncertain and complex people are looking to insurance to provide economic security. There is no doubt insurance is a vital ingredient for economic success. In New Zealand this has become most apparent as the country continues to recover from the largest series of natural events and the largest maritime disaster. Insurance is a topic featuring in places such as boardrooms, households, coffee shops and Government. The Canterbury Earthquakes in particular have highlighted the impact on all when the worse does happen. The Insurance Council of New Zealand is more aware than ever of the need to work with all stakeholders to ensure insurance continues to be available, accessible and responsive.

The Canterbury earthquakes remind us of this. Insurance for the commercial sector has been fundamental to the recovery and by the end of the year over half of all commercial claims had been settled. Commercial insurance payments ensured a life-line of capital kept flowing to keep businesses alive,

pay-packets full and security for families at home. It has also ensured that people had access to temporary accommodation and insurance through ongoing seismic activity. Insurers worked hard to secure reinsurance support to continue to insure Canterbury businesses and homes whilst the events were still continuing. This enabled policies to be renewed and provide a much needed confidence boost to support people and businesses in Canterbury.

Insurers will meet most of the \$30 billion that the Canterbury earthquakes will ultimately cost. These are funds that Government, businesses and households would in one way or another have had to provision for or borrow to meet the costs. By taking on risk insurers contribute to a more efficient economy by releasing funds for businesses to grow and employ people, for homeowners to secure mortgages and by relieving the need for Government either to take on more debt or raise revenue through more taxes.

The enormity of the Canterbury earthquakes continued to dominate the insurance landscape throughout 2012. The Chief Executives of our member companies are spending a disproportionate amount of their time leading through the many issues that need to be solved to speed up the recovery. Naturally, the focus of public attention has shifted to how quickly the rebuild can be achieved. Insurers want to ensure a safe and sustainable rebuild. It would be irresponsible to take the easy route and build on land that has not been adequately assessed or repaired. Nor would it be reasonable to build whilst seismic activity was still posing a risk. As many issues





are now being resolved and the seismic activity decreasing we can give more certainty of the time scale for the rebuild and recovery. Insurers are committed to having the vast majority of residential work completed by the end of 2015.

We understand the speed of the residential recovery is not quick enough for those impacted. We understand the frustration with the rate of progress. However, we do see it as unfair when claims are made, and continue to be made, that insurers had sought to delay settlements. Nothing could be further from the truth.

Hundreds of insurance staff are working locally in Christchurch to help with the recovery, many of whom have personal challenges and claims of their own to deal with. I acknowledge the untiring efforts they have made for their fellow Cantabrians. Insurers this past year have been relentless in their focus to achieve the recovery as fast as possible.

The Insurance Council established additional working groups in 2012 to facilitate insurers, EQC and CERA working together to meet the complex issues that presented themselves. These included apportioning the costs of over cap properties between EQC and insurers for each major earthquake, agreeing to assessments and repair methodologies and managing multi-unit, cross-title claims involving one property and several different policy wordings.

Flood plain data, land drilling and geo-technical reports on land damage were all required to get to the point where insurers could start to think about arranging for rebuilds and major repairs. In the most severely land damaged areas outside of the red zone, land will need to be remediated before repairs and rebuilds can occur.

There is no doubt that New Zealand has been fortunate to have land cover provided through the EQC. This is unique in the world. For home building policies New Zealand's co-insurance model involving EQC with its statutory obligations and insurers with their variety of policy contracts had operated well for many years coping with relatively small-scale single events. However, it is this structure that has created some of the complexity and difficulty in proceeding with the rebuild. The lessons learned will be important for future events.

To speed up the recovery and keep future insurance affordable the industry sought legal clarity around the Christchurch City Council's decision to change Building Code requirements for commercial properties. The industry was heartened by a finding of the Royal Commission into the Canterbury Earthquakes that there was no justification for raising the requirement for buildings to meet more than 33% of the new Building Code.

It is not possible to have one of the largest insurance events occur in one of the world's smallest markets without having risk levels reassessed. As a consequence, clear signals were given by reinsurers that the era of open-ended home replacement insurance will be replaced by sum insured policies. They cannot provide cover that is not quantifiable. This helps ensure the right conversations are had at the time people are buying their cover and a clearer understanding of what will be covered. These changes will give homeowners, reinsurers and insurers greater certainty. If such a system had been in place for Canterbury then the settlement process would have been quicker.

These changes will need to be well communicated and we will work with our broker colleagues on this and other critical issues designed to improve our services to the public and businesses.

In addition, the flow-on from Canterbury and other major catastrophes world-wide tightened the market for reinsurance and forced premiums up nationwide. This occurred at the same time as New Zealand regulation for insurers changed requiring insurers to carry larger reinsurance for catastrophe. The affordability of insurance is an issue we are all mindful of and one which makes the challenge of demonstrating the value of insurance all the more acute.

On a broader level we saw a restructure and consolidation of the insurance industry. IAG acquired AMI Insurance while the residue of AMI's Canterbury claims fell to the Government-owned Southern Response to manage. The Insurance Council welcomed Southern Response as an



The construction of new retail and commercial premises is evidence of insurance money flowing into the Canterbury region.

associate member. Also, this year one of our smaller insurers, China Taiping Insurance, left the Council.

The Insurance Council and its members have also been active in many other changes that are occurring in New Zealand.

The introduction of regulations controlling the industry continued throughout 2012. The Insurance Council supports regulation that ensures a balance of a sustainable insurance sector whilst adequately protecting consumers. However, we must ensure the regulation does provide this protection and not just an additional cost burden for the customer. The Insurance Council put considerable effort into communicating with Government about issues related to licensing of general insurers, disclosure of financial strength ratings and solvency standards which will impact on the affordability of insurance.

We must remember insurance alone does not eliminate risk. It plays a vital role in risk management but it is only ever part of a complete safety strategy. It is important as an industry we raise awareness of the need for better risk assessment at a household and business level. So, to reduce the risk on our roads, to our houses and to our businesses needs a broader approach than just insurance. The Insurance Council is committed to working with all parties to help promote a safer New Zealand.

To help us keep abreast of the issues the Insurance Council successfully hosted its annual industry seminar focusing on issues facing the industry out to 2020. A raft of international speakers highlighted issues ranging from a global reinsurance perspective, the need to promote the principles of sustainable insurance through to how technology may change risk assessment, distribution and industry efficiencies.

At the end of 2012, Chris Ryan, who served as Chief Executive of the Insurance Council for 15 years, resigned to pursue other opportunities. I want to acknowledge on behalf of all members the significant contribution Chris made over that time working alongside several Presidents. It is a reflection of his great commitment to the industry that he put off an earlier departure in order to manage the Insurance Council's response to the Canterbury situation.

I would like to express appreciation to the Insurance Council's small team for their dedication and commitment throughout the year. It has been a year that has required substantial personal and professional commitment of time and energy. There is no doubt such a small team makes a major contribution to the industry punching well beyond its weight.

I want to thank members who have contributed through their work on the Board or through committees and working groups. You play a critical role in leading our industry; one that I am proud to be part of.

Finally, I want to express my gratitude to my fellow directors for their support in the governance of the Council over the past year and the leadership they have provided to the industry.

Jacki Johnson
President
Insurance Council of New Zealand



Council Activities

The following list of activities is provided to identify some of the specific work outcomes of the Council, Committees and Working Groups. Some of these activities were extensive in nature, others relatively minor. All, however, are part of the Insurance Council's drive to deliver the Strategic and Business Objectives set down by the members and Board. While a significant proportion of the Council's activities during 2012 have been earthquake related, the Council has also continued its normal core functions of Regulation, Representation and Knowledge Management of members' interests.

Submissions to Government

- Submission on Treasury's Earthquake Commission Review Questionnaire (Oct 2012)
- Submission to Ministry of Education regarding Insurance Guidelines for International Students (Sep 2012)
- Submission on Fire Service Review (Sep 2012)
- Submission on Australian/New Zealand Productivity Commissions' Issues Paper - Strengthening Economic Relations between Australia and New Zealand (Jun 2012)
- Submission on Consumer Law Reform (Mar 2012)
- Submission on classification of consumer credit insurance policies as "life policies" (Feb 2012)
- Submission on MED's Audit Firm Incorporation Consultation Paper (Feb 2012)
- Submission to the Maritime Legislation Bill 2012 – proposal to make a number of changes to the Maritime Transport Act 1994
- Submission to RBNZ on credit contract insurance
- Submission to IRD on transfer of General Insurance portfolios partway through an income year
- Submission to IRD on valuation of opening balance of Outstanding Claims Reserves on the introduction of insurance businesses into New Zealand
- Submission to the Vehicle Licensing Reform Discussion document – options for reforming the Warrant of Fitness

Canterbury Earthquake Recovery

Ongoing work with EQC:

- Claims apportionment for multiple loss events
- Repair methodology harmonisation
- Claims cost wash-up protocol development
- Development of a management strategy for repairing multi-unit cross-lease dwellings
- Judicial Review ICNZ v Christchurch City Council & Ors (December 2012)



Smith Cranes and Construction's high-lift hydraulic jack, above and Firth's new RibRaft® TC3 Foundation System, released in February 2013, are stand-out innovations indicative of the new technologies needed to enable the cost effective reinstatement of insurable housing in Canterbury.

Ongoing work with CERA:

- Christchurch Central Development Unit and progress on new commercial land use and how it may effect claims settlement outcomes
- Development of the Residents Information Service

Other Activities

- Meeting with Minister of Consumer Affairs regarding Unfair Contract Terms (October 2012)
- Meeting with RBNZ on Prudential Supervision Issues (throughout 2012)
- Liaising with Reserve Bank on disclosure of Financial Strength Ratings (throughout 2012)
- Developing Template Broker Agreement (final quarter 2012)
- Finalising Regulatory Compliance and Obligations Calendar (December 2012)
- Liaising with MED regarding FMA Levy Contribution (May, October 2012)
- Meeting with MBIE and Finance Minister regarding financial adviser disclosure (June 2012)
- Presenting at Consumer Law Select Committee Hearing regarding Consumer Law Reform Bill (May 2012)
- Submission to the Ministry of Transport and discussions with the Associate Transport Minister on NZ adopting the latest amendment to the IMO convention on limitation of liability following the Rena Disaster of 2011, May/ July 2012
- Development of the ICNZ Marine large Loss Report
- Ongoing liaison with Maritime NZ over the newly proposed Marine Operator Safety System (MOSS) Rules
- Meeting with MED regarding Insurance Contracts Bill (Feb 2012)
- Liaising with members on Victims of Crime Reform Bill (July 2012)
- Meeting with Law Commissioner on Joint and Several Liability (May 2012)
- Liaising with Standards Committee on proposed amendments to NZS3910 - Conditions of Contract (March 2012)
- Letter to Education Minister regarding Insurance Guidelines for International Students (December 2012)
- Seeking legal advice on cancelled cruise booking implications (June/July 2012)
- Statistics workshop held to train companies on preparation of statistics returns and understanding of definitions
- Removal of ICNZ solvency test – following the introduction of the RBNZ more extensive Solvency Standard
- Negotiated agreement with Fire Service on collection of information from insurers on Fire Service Levies over \$1000

Weather events continue to wreak havoc on our communities. Three people died in the Hobsonville tornado of 6 December. Insurance losses for property damage were over \$6 million.



- Preparation of discussion paper on a GST Standard for insurance industry
- Continuing revision of industry agreements including Fixtures & Fittings, Carpets, Standstill Agreement, Dual Insurance Agreement
- Continuing development of website brochures on common insurance issues including: jewellery, calculation of area of a house, duty of disclosure, Section 74 Notices, excesses, etc.
- Provided input into Newmont Mining Company community investment policy
- Assisted with promotion of SNAP and StoleMe property databases
- Participation in Police Crime Prevention Partnership Forum – ongoing
- Completion of the 2012 General Insurance Remuneration Survey
- Co-ordination of work between insurers, EQC, Police and SFO on fraud initiatives
- Completed an upgrade of ICR software
- Set up an ICR IT discussion group to provide feedback and advice on IT issues with the system
- Completed a data analysis proof of concept to identify fraud trends through data mining ICR database
- Ongoing work on ICNZ Advisory Core Wordings for MD & BI policies
- Completion of Annual Report to IUMI on Marine Insurance Premium
- Liaising with NZ Police on Auckland Motorway Towing Contracts
- Ongoing liaison with NZTA and the collision repair industry over repair standards and repair information

Insurance money was essential to the demolition and removal of damaged buildings in the CBD

Insurers are working constructively with local authorities to ensure that Christchurch remains a diverse and vibrant centre





The scale of the issues and the sum of the complexities has led some to unfairly criticise insurers

Chief Executive's Report

This year marked a transition at the Insurance Council with the departure of long-serving Chief Executive Chris Ryan. Chris led the Insurance Council for 15 years and his tenure marked some major events in recent insurance history. These included the Canterbury earthquakes, the Y2K issue at the turn of the century, the 9/11 terrorist attacks, devastating flooding in many parts of the country and the Rena disaster. He also oversaw the Insurance Council joining the United Nations global sustainable insurance initiative. I thank him for leaving the Insurance Council a well respected organisation that is in a strong financial position to tackle the challenges ahead.

Issues arising from the Canterbury earthquakes continued unabated in 2012. The Insurance Council established special committees to enable insurers, the Government and its agencies to work collaboratively to resolve the challenges as they arose. Work continues in this regard with insurers determined to progress the recovery. By the end of the year most insurers had announced deadlines that will see the vast majority of repairs and rebuilds completed by the end of 2015.

These commitments are impressive given that the 2010-2012 earthquakes have created the most prolonged, damaging and expensive natural disaster in New Zealand's history. By the end of the rebuild, insurers will have contributed most of the \$30 billion to the city underlining the critical importance insurance plays to ensuring the sustainability of communities and the economy. At the end of the year 29% of residential claims amounting to \$2.0 billion and 58% of commercial claims worth \$4.7 billion had been settled.

The past year has in many ways been about laying the foundations for a full recovery.

It was not till the end of the first quarter of 2012 that information on land damage by technical category areas was released. This was the first time that EQC and insurers were able to identify where the thousands of homes in the most damaged land areas (TC3) were. This enabled extensive land

drilling programmes to get underway to inform the degree of foundation work necessary to repair and rebuild properties. This work was well advanced by the end of the year and was expected to be completed in the first few months of 2013.

At the same time, the co-insurance model that applies in New Zealand, has required that damage arising from each major earthquake event to be apportioned between EQC and insurers based on the limit of EQC's liability for damage to property and land. Both EQC and insurers are obliged to follow their statutory obligations on the one hand and the prudential management of their policies on the other. To do otherwise would breach the legal obligations each has and for which they are accountable.

With the apportionment process well advanced by the end of the year another roadblock to recovery was being dismantled.

In the latter half of 2012 the Government initiated a review of the EQC system and the Insurance Council has provided initial input to this and will continue to do so through 2013.

The scale of the issues and sum of the complexities has led some to unfairly criticise insurers claiming that they have deliberately delayed or avoided making payments. This is simply not true. There is every commercial reason to settle matters without delay. Not only is this because those that help policy holders promptly will benefit in the long-run, but also because insurers genuinely bear the social responsibility of helping their customers seriously. Insurers also have many hundreds of Christchurch residents who are their own employees processing claims that face the same situation.

There is also a fundamental misunderstanding that delaying payments somehow provides a financial benefit to insurers. The opposite is true. The longer it takes to rebuild or repair the more costly demand surge inflation will be. Global experience has shown demand surge inflation that accompanies rebuilds after a major catastrophe is often in double digits – far exceeding any investment return an insurer could hope to obtain by delaying payments.

The potential to impose unnecessary costs on the economy lay at the heart of the Insurance Council's decision to seek a Judicial Review of the Christchurch City Council's moves to require commercial building owners to increase the seismic strength of an existing building above 33% of the new Building Standard. The Insurance Council was pleased to see the Royal Commission into the Canterbury Earthquakes state that to protect life there is no justification to set the level at more than 33% of the new Building Code. Rather, commercial buildings should be brought up to 33%

New residential areas like Wigram provide opportunities for customers with cash settled claims

The availability of land data and new building technologies will allow remedial work in established suburbs to progress in earnest



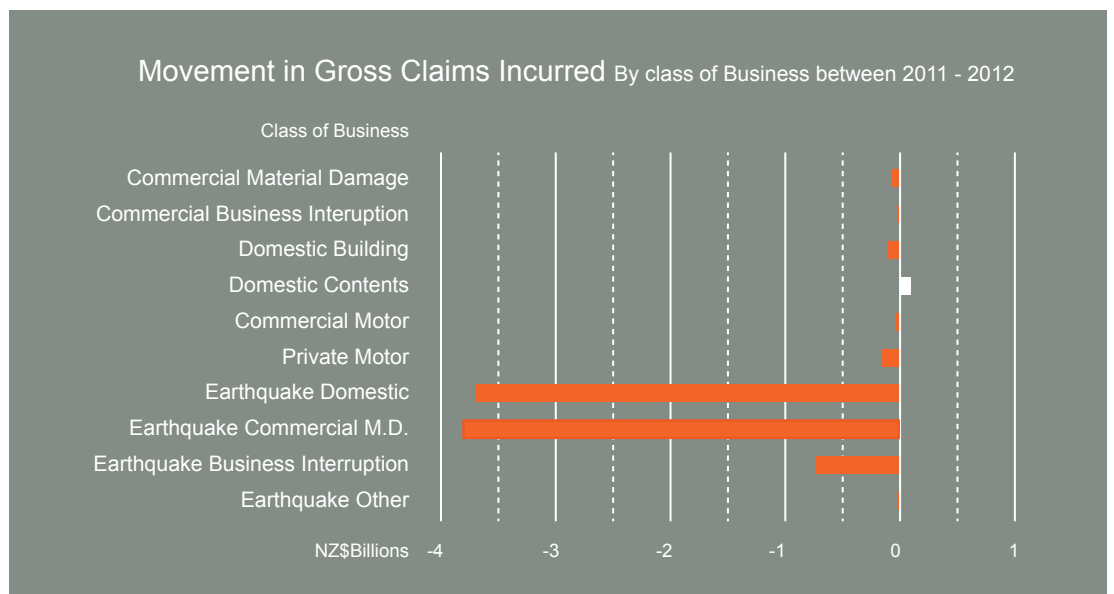
of Code and the focus should be on requiring higher levels of protection from parapets, chimneys and other structures which pose risk to life.

In June, the Insurance Council joined a United Nations backed process to promote a set of global Principles for Sustainable Insurance. The initiative provides the first ever global sustainability framework for the insurance industry that takes into account the fundamental economic value of natural capital, social capital and good governance. This initiative promotes the fundamental role insurance plays in risk management, protecting society, fostering innovation and underpinning economic development.

Close to 30 leading companies from the global insurance industry representing over 10 per cent of world premium volume, together with insurance associations from around the world, including New Zealand, have signed up to this UN initiative.

The sustainable insurance principles provide an all-inclusive approach to managing a wide range of global and emerging risks in the insurance business, from climate change and natural disasters to water scarcity, food insecurity and pandemics.

In the latter half of the year, the Insurance Council made submissions to the Ministerial Committee reviewing the



Fire Service. The application of the Fire Service levy to insurance has long been a sore point for insurers because it is blatantly unfair to fund the Fire Service from a tax paid for a public good service that is only paid by those who do the right thing and insure their property. It is out of step with best practice internationally and is costly and time consuming to administer.

The Insurance Council also made strong submissions on the Consumer Law Bill, the Financial Markets Authority levies, to the Law Commission on the review of Joint and Several Liability; to the Reserve Bank on the disclosure of Financial Strength Ratings to insurance intermediaries and also the proposed solvency standard; as well as submitting on the Productivity Commission's review of Trans-Tasman Economic Relations.

The Insurance Council is also in the process of developing a generic insurance booklet which can be provided to Ministers and policy advisers, regarding the 'basics' of insurance, in order to develop better understanding and continuing dialogue between the industry and government. The booklet will focus on subjects such as the personal/commercial insurance split, the relationship between intermediary and insurer, the role of insurance in the wider economy and the international insurance/reinsurance market. The booklet will also help play a part in the continuing education of all New Zealanders on insurance-specific matters.

After a long gestation, the end of the year saw the ground laid for a fraud analyst to be appointed to the Insurance Claims Register. This will play an important role in the fight against fraud that imposes unnecessary costs on all those who insure themselves.

In November, the Insurance Council held another successful, annual seminar event in Auckland that was attended by about 200 industry representatives looking at issues out to 2020 and included contributions from international experts. We look forward to developing the seminar into an industry conference in 2013 which may encourage media interest.

The Insurance Council continues to maintain a strong relationship with the broker community and we have worked closely with our advisors in the legal and accounting sector.

There are many other achievements in this Review that the small team at the Insurance Council can be justly proud about. They deal professionally with a vast array of issues that arise not only from the additional workload associated with Canterbury, but across areas as varied as travel, liability, motor, marine, accident and commercial insurance. I want to



express my gratitude to the team for their willing and ready support as I have transitioned into the role.

I would also like to acknowledge the support and encouragement of the President Jacki Johnson and her fellow directors as well as individual members of the Insurance Council. Collectively, they have continued to provide leadership for the industry during the most trying of times. Their dedication and commitment is to be applauded.

The Insurance Council looks ahead to 2013 with a big task ahead. Canterbury will remain a strong focus, but we must also rise to broader issues. There is a major educational role ahead to not only explain significant changes ahead for most homeowners' insurance policies, but also so to ensure the public have a better understanding of the value of insurance and its importance to society. Only by tackling that can we aspire to the vision that New Zealanders have trust and confidence in insurers.

Tim Grafton

Chief Executive

Insurance Council of New Zealand

Industry Statistics

All Business 12 months to September

Year-End	2008	2009	2010	2011	2012
Gross Written Premium (\$)	3,260,456,648	3,416,891,966	3,604,101,963	3,979,548,054	4,448,725,196
Net Written Premium (\$)	2,807,667,691	2,911,449,528	3,119,058,942	3,179,010,972	3,462,270,445
Net Earned Premium (\$)	2,747,509,546	2,857,200,899	3,073,050,146	2,962,014,374	3,247,031,758
Net Claims Incurred (\$)	1,880,923,174	1,845,390,159	2,096,548,674	3,311,871,292	2,206,076,841
Loss Ratio (%)	68.46%	64.59%	68.22%	111.81%	67.94%
Business Costs (Staff etc) (\$)	897,685,308	941,101,455	996,683,386	1,023,410,108	1,006,100,070
Combined Ratio (%)	101.13%	97.53%	100.66%	146.36%	98.93%

Commercial Material Damage and Business Interruption 12 months to September

Year-End	2008	2009	2010	2011	2012
Gross Written Premium (\$)	441,340,110	464,184,727	469,043,879	502,455,302	589,915,428
Net Written Premium (\$)	277,244,142	283,055,759	297,579,539	292,078,059	306,669,880
Net Earned Premium (\$)	270,404,011	275,462,767	291,158,018	280,155,525	276,305,711
Net Claims Incurred (\$)	185,283,249	167,431,550	172,180,899	155,895,787	226,855,573
Loss Ratio (%)	68.52%	60.78%	59.14%	55.65%	65.50%

Domestic Buildings and Contents 12 months to September

Year-End	2008	2009	2010	2011	2012
Gross Written Premium (\$)	766,231,827	840,054,112	933,495,375	1,052,270,223	1,170,172,533
Net Written Premium (\$)	714,632,555	778,957,391	866,335,821	904,836,784	963,207,401
Net Earned Premium (\$)	687,754,814	755,435,740	839,897,275	826,974,807	898,261,166
Net Claims Incurred (\$)	566,260,572	541,263,823	525,356,791	515,234,420	532,924,232
Loss Ratio (%)	82.33%	71.65%	62.55%	62.30%	59.33%

Motor Commercial and Private 12 months to September

Year-End	2008	2009	2010	2011	2012
Gross Written Premium (\$)	1,159,380,800	1,210,153,486	1,266,098,899	1,339,829,531	1,355,055,482
Net Written Premium (\$)	1,128,103,360	1,185,128,372	1,253,440,464	1,319,857,990	1,335,018,668
Net Earned Premium (\$)	1,104,655,954	1,157,985,830	1,233,098,039	1,265,751,060	1,308,806,948
Net Claims Incurred (\$)	813,957,780	811,497,477	791,265,591	824,763,162	831,303,537
Loss Ratio (%)	73.68%	70.08%	64.17%	65.16%	63.52%

Marine Hull and Cargo 12 months to September

Year-End	2008	2009	2010	2011	2012
Gross Written Premium (\$)	113,768,514	126,435,782	119,594,972	125,403,642	144,329,385
Net Written Premium (\$)	94,679,961	108,294,198	97,666,992	95,310,182	113,845,851
Net Earned Premium (\$)	90,657,762	104,816,033	99,658,692	93,872,738	106,131,028
Net Claims Incurred (\$)	61,080,313	61,083,237	58,600,332	59,722,860	68,334,669
Loss Ratio (%)	67.37%	58.28%	58.80%	63.62%	64.39%

Liability Professional & Defamation, Directors & Officers and Public Product & Other 12 months to September

Year-End	2008	2009	2010	2011	2012
Gross Written Premium (\$)	267,149,616	279,800,946	298,229,655	313,644,264	337,991,478
Net Written Premium (\$)	234,968,804	242,850,562	255,992,543	269,481,979	271,017,729
Net Earned Premium (\$)	236,853,174	238,435,422	250,185,778	261,188,903	264,165,039
Net Claims Incurred (\$)	91,666,012	114,598,447	163,998,021	127,512,090	116,058,093
Loss Ratio (%)	38.70%	48.06%	65.55%	48.82%	43.93%

Earthquake Domestic, Commercial M.D., Business Interruption and Marine Cargo 12 months to September

Year-End	2008	2009	2010	2011	2012
Gross Written Premium (\$)	206,530,977	212,963,164	220,172,442	350,256,361	548,513,318
Net Written Premium (\$)	95,928,127	112,741,108	116,710,783	69,248,376	249,950,471
Net Earned Premium (\$)	100,074,065	109,982,325	115,211,252	4,796,126	170,848,763
Net Claims Incurred (\$)	16,736,697	6,033,131	242,689,944	1,494,617,694	344,794,781
Loss Ratio (%)	16.72%	5.49%	210.65%	31163.02%	201.81%

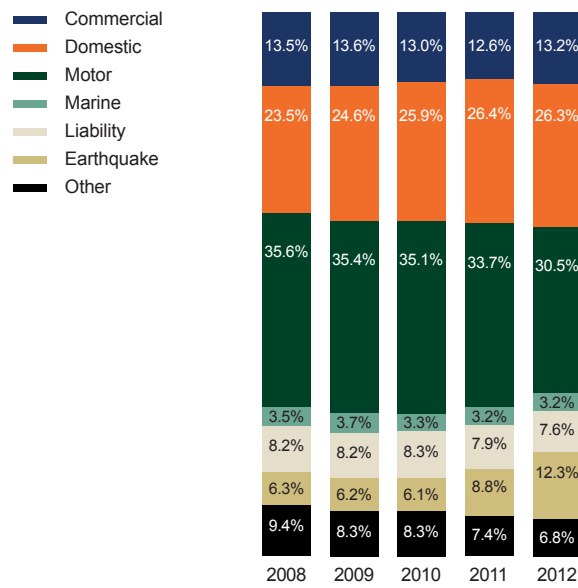
Other Personal Accident, Travel, Livestock and Other 12 months to September

Year-End	2008	2009	2010	2011	2012
Gross Written Premium (\$)	306,054,804	283,299,749	297,466,741	295,688,731	302,747,572
Net Written Premium (\$)	262,110,742	200,422,138	231,332,796	228,197,602	222,560,445
Net Earned Premium (\$)	257,109,766	215,082,782	243,841,103	229,275,215	222,513,103
Net Claims Incurred (\$)	145,938,551	143,482,494	142,457,105	134,125,279	131,668,122
Loss Ratio (%)	56.76%	66.71%	58.42%	58.50%	59.17%

Gross Written Premiums of Business Classes 12 months to September

Year-End	2008	2009	2010	2011	2012
Commercial (\$)	441,340,110	464,184,727	469,043,879	502,455,302	589,915,428
Domestic (\$)	766,231,827	840,054,112	933,495,375	1,052,270,223	1,170,172,533
Motor (\$)	1,159,380,800	1,210,153,486	1,266,098,899	1,339,829,531	1,355,055,482
Marine (\$)	113,768,514	126,435,782	119,594,972	125,403,642	144,329,385
Liability (\$)	267,149,616	279,800,946	298,229,655	313,644,264	337,991,478
Earthquake (\$)	206,530,977	212,963,164	220,172,442	350,256,361	548,513,318
Other (\$)	306,054,804	283,299,749	297,466,741	295,688,731	302,747,572
Total (\$)	3,260,456,648	3,416,891,966	3,604,101,963	3,979,548,054	4,448,725,196

Gross Written Premiums of Business Classes by Percentage 12 months to September



The Insurance Council of New Zealand

President

Jacki Johnson
IAG

Board Members

Chris Black *Vice President*
FMG

Chris Curtin
AA

Gary Dransfield
Vero

Tony Gallagher
General Re

Cris Knell
AIG

Martin Kreft
Munich Re

John Lyon
Lumley

Martin Stokes
MAS

Standing Committees 2012

Accident Committee

Karl Armstrong	IAG
Malcolm Beaton	Berkley Re
Nigel Edmiston	Vero
Toni Ferrier	Lumley
Jan Holden	ACE
Dave Kibblewhite	FMG
Steve Loomes	Zurich
Grant Piercy	Tower
Glen Riddell	General Re
Payal Sharma	China Taiping
Mathew Spears	Munich Re
Julian Travaglia	AIG
Suzanne Wolton	AA

Commercial Committee

Deborah Angjelinov	Munich Re
Nathan Barrett	FMG
Malcolm Beaton	Berkley Re
John Beckett	Lumley
Brian Coleman	Allianz
Jeff Crawford	AIG
Mark Cross	Vero
Simon Foley	Zurich
Nancy George	Mitsui Sumitomo
David Morrow	ACE
Christopher Munden	Civic
Payal Sharma	China Taiping
John Stubbs	General Re
Andrew West	IAG

Employment Committee

Andrea Brunner	FMG
Denise Doyle	Lumley
Tanya Hadfield	IAG
Nikki Howell	AA
Vanessa Joynt	Tower
Ross McMillan	MAS
Barry Mitchell	AMI
Simone Nelson	ACE
Alison Shackell	Vero

Finance Committee

Peter Brown	Vero
Martin Chisholm	AA
Dan Coman	IAG
Theo De Koster	Tower
Dave Kibblewhite	FMG
Dean Phillips	Munich Re
Graeme Ross	MAS
Runesh Roy	ACE
Alistair Smith	Lumley
Kieran Sweetman	AMI
Debbie Wilson	AIG
Ying Zhou	China Taiping

Liability Committee

Heather Bailey	Vero
Jeremy Batchelor	IAG
Malcolm Beaton	Berkley Re
Ryan Clark	AIG
Mark Downes	ACE
Karl Kemp	Allianz
Craig Kirk	Lumley
Paul Lightfoot	China Taiping
Stirling McGovern	Munich Re
Tamas Pinter	Zurich
Eugenie Thomson-Burrows	FMG

Marine Committee

Toseef Ahmad	Tower
Keith Auld	Munich Re
Christopher Barrett	Sunderland Marine
Daniel McIntyre	Zurich
John McKelvie	Vero
Glenn Nadworny	Allianz
Mark Roelink	NZI Marine
Andrew Scrivens	Lumley
Fraser Walker	AIG

continues over page

Total insurance losses incurred by the Rena grounding exceeded NZ\$500 million, most of it carried offshore. New Zealand insurers paid out more than NZ\$24million in claims.



Motor Committee

Sean Beattie	FMG
Aaron Dickinson	AA
Peter Lam	China Taiping
Dion Herdson	IAG
Graeme Lynskey	Vero
Matt McEneaney	Allianz
Dean Munt	AMI
Kevin Paxton	Zurich
Laura Poru	Tower
Ian Taylor	Lumley

Personal Lines Committee

Cherie Barratt	AA
Peter Birmingham	MAS
Ross Collett	Lumley
Richard Godman	Vero
Shaun Kelly	AMI
Paul Lightfoot	China Taiping
Richelle Pirie	Tower
Rebekah Tregonning	IAG
Geoff White	FMG

Regulatory Committee

Sarah Allerby	Allianz
Rob Arcus	Vero
David Cao	China Taiping
Craig Daly	AMI
Eugene Elisara	AIG
Martin Hunter	IAG
Martin Kreft	Munich Re
Wendy Lau	Lumley
Lisa Murray	FMG
Elizabeth Papandrea	ACE
Adrian Riminton	Zurich
Jacqui Thompson	AA
Bronwyn Walsh	Tower

Travel Committee

Will Ashcroft	Allianz
John Beckett	Lumley
Michelle Boulger	IAG
Matt Bouzaid	ACE
Daniel Currie	AIG
Bob Davie	Comprehensive Travel (Vero)
Craig Morrison	Southern Cross Travel
John Whitta	Tower

Insurance Council Members

AA
ACE
AIG
Allianz
ACS
AMI
Berkley Re
China Taiping
Cigna
Civic Assurance
FMG
General Re
IAG
Lloyd's
Lumley
MAS
Mitsui Sumitomo
Munich Re
Pacific International
Hallmark
Southern Cross Travel
Southern Response (*Associated Member*)
Sunderland Marine
Swiss Re
Tower
Vero
Zurich

Insurance Council of New Zealand

PO Box 474
Wellington 6140
+64 4 472 5230
www.icnz.org.nz

ICNZ

Insurance Council of New Zealand