



# Insurance Council **Review 2015**

Helping students achieve financial capability as part of their education



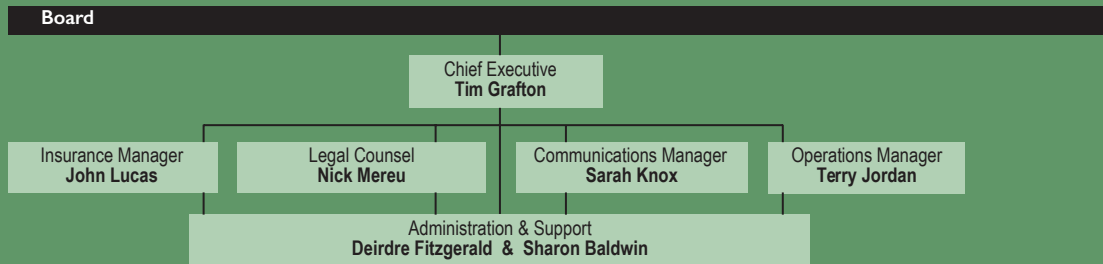
## Insurance Council of New Zealand Board 2015

**Back row, left to right:** Sarah Knox ICNZ, Martin Kreft Munich Re, Andrew Brooks ACE, Kai Dwyer Zurich, Chris Curtin AAI, John Lucas ICNZ, Terry Jordan ICNZ

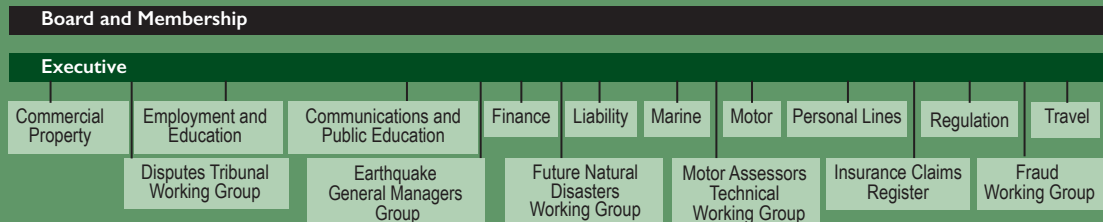
**Front row, left to right:** Henry Lynch Co-op Insurance NZ, Ross Chapman QBE, Tim Grafton Chief Executive ICNZ, Chris Black President FMG, Jacki Johnson IAG, Paul Smeaton Vero

**Inserted, left to right:** Martin Stokes Vice-President MAS, Gary Dransfield Vero, Pietro Toffanello Gen Re, David Hancock Tower, Nick Mereu ICNZ

### Council Structure



### Committee Structure



### Mission

Promoting and Shaping a Responsive and Sustainable Insurance Industry to Safeguard New Zealand.

Our overarching objective is to ensure all New Zealanders have trust and confidence in insurance.

In our work, we uphold the values of acting with integrity, professionalism, working as a team, being informed and providing value for money.





## President's Report

Several things stand out for special mention in 2015; continued steady progress on the Canterbury earthquake recovery, the Insurance Council's substantial input to the Government on a range of policies and discussion documents, the finalising of the revised Fair Insurance Code, and managing numerous changes to the composition of the ICNZ Board.

The Board changes arose as New Zealand based Chief Executives took on new roles within their wider organisations and transferred overseas. This was the case for Gary Dransfield (Vero), who I succeeded as President in September on his return to Australia. This occurred at the same time as David Hancock (Tower) stood down from his position. Earlier, Pietro Toffanello (GenRe) had transferred to take on a leadership role for a Lloyd's syndicate based in London.

Their replacements Kai Dwyer (Zurich), Andrew Brooks (ACE) and Paul Smeaton (Vero) have already proved to be active and valued contributors to the work of the Board.

Further change was signalled toward the end of the calendar year with the transfer of Jacki Johnson (IAG) to a broader corporate role with her company and the pending retirement of Ross Chapman (QBE). Jacki, a former ICNZ President, has been an outstanding industry leader around the Canterbury recovery. For the past five years, she chaired first weekly, then fortnightly and more recently monthly meetings of a Chief Executive group from across the public and private spectrum charged with removing blockages to the recovery effort. I would like to acknowledge the significant contribution Jacki has made to our industry over this period. Ross retires from the industry in April 2016 after 44 years of distinguished service. His extensive knowledge and experience will be missed by the Board.

Steady progress on the Canterbury recovery continued over the past year. The industry remains on track to have the vast majority of residential claims settled by the end of 2016. Insurers have now settled 80,549 (or 89%) of the 90,505 residential building claims. It is noteworthy this overall figure includes 25,350 'over cap' claims transferred to insurers by EQC, up until 31 December 2015. Of these 'over cap' claims, 18,958 have now been settled—including 5,392 during the current year—leaving 6,392 still to be settled, noting most of these are either in the construction or design / pricing phase. On the commercial front, over 90% of claims by value are now settled. It is noteworthy that this does not include the largest settlement in New Zealand history, the \$635 million agreement reached with the Christchurch City Council, which was agreed at the end of the year and will be concluded in February 2016.

The Canterbury earthquake series has given rise to a stream of work to improve New Zealand's preparedness and responsiveness to future natural disasters. In late 2014, ICNZ produced a position paper on protecting New Zealand from natural hazards. The past year has seen the 15-point plan outlined in that paper shared with stakeholders across central and local government as well as the community. It has been pleasing to see the paper referenced by decision-makers and to see more focus starting to emerge in respect of understanding and taking deliberate steps to reduce the risk profile in locations that are significantly exposed to natural peril risk. We are fully supportive of Government initiatives to include the management of natural hazards in proposed changes to the Resource Legislation Amendment Bill 2015 as well as the much stronger focus on risk mitigation and recovery in the Civil Defence and Emergency Management Plan. This increased focus will become increasingly important over time as the unpredictable impacts of climate change become more evident.

Separate but related, ICNZ formed a specialist group to develop a principles-based submission to The Treasury's discussion document on changes to the current Earthquake Commission (EQC) scheme. Our view is that any revised scheme should have as its prime purpose the intent to ensure people are adequately rehoused after a natural disaster and that insurance cover is available and affordable to all New Zealanders. Our submission also sought to apply the learning from the Canterbury earthquake recovery, the key theme being to have a public/private model which avoids duplication and eliminates the frictional costs between insurers and EQC. In our view this will in future largely avoid the vexed problem of insurers still receiving over cap claims from

EQC more than five years on from the first Canterbury earthquake event in September 2010. While individual members made their own submissions, a consensus was reached across our members, with a key recommendation being that private insurers be responsible for the lodgement of claims as well as the assessment and claims handling aspects. ICNZ will be pressing this view with Ministers as legislation passes through the Parliament in 2016.

On another regulatory matter, it was disappointing to see the Government rule out of consideration the option to fund a significant portion of the New Zealand Fire Service from sources other than insurance, as occurs in a lot of other countries. It is inherently unfair that those who do the right thing and insure their property bear the cost of funding a public good service that benefits those who do not insure and thereby free-ride. ICNZ does however acknowledge the concession in the options paper that suggests removing the fire service levy from motor vehicle insurance and to increase the Crown contribution to the service. We support this directional shift given its alignment with the overall goal of having a funding mechanism that is fairer and less complicated as well as more stable and sustainable.

I would like to thank all our members for the work they have undertaken this year to train staff and reconfigure systems in readiness for the substantial changes that will occur effective 1 January 2016 as a result of revising the Fair Insurance Code. This has required significant time and effort in support of striving to set higher self-imposed service standards in our dealings with customers. I would like to also acknowledge the independent members of the Code Compliance Committee who will have oversight of the revised Code. Sir Anand Satyanand, David Caygill and David McGee QC, bring a depth of experience to the Committee and we are delighted they accepted the important role they have taken on.

The annual ICNZ Conference, which had a strong consumer-centric theme this year, attracted over 300 registrations. Speakers highlighted the significant challenges and opportunities that lie ahead for the industry, with the speed of technological change and changing customer preferences likely being at the heart of the next wave of change. The prospect of enabling technologies such as sensors and digital channels and the fact we now have more data and information available to us – and in a world that increasingly values privacy – are likely to reshape the sector’s traditional profile over the next decade.

More broadly, the ICNZ financial capability strategy was introduced to 85 schools this year through our partnership with the Young Enterprise Trust (YET). We have also worked with another provider, Banqer, to deliver an interactive insurance learning game into schools. In September as part of Money Week, I was privileged to see first-hand the practical difference this interactive learning experience is making for students. I would like to thank several of our members who contributed financially to enable the programme to be adopted by various schools this year.

In terms of ICNZ membership, this is steady at 28 with the departure of Sunderland Marine due to the rationalisation of its footprint in New Zealand and the arrival of Tokio Marine to the market in December.

ICNZ has achieved a lot this year and on behalf of the Board, thank you to the Chairs and members of our Standing Committees as well as our dedicated ICNZ team for their commitment and contribution to the Council in the spirit of advancing the interests of our industry. Equally, thank you to my fellow ICNZ Board members who I have the privilege to serve alongside in the context of ensuring New Zealand continues to have a strong and vibrant insurance sector to support individuals, businesses and communities right across country.



**Chris Black**  
*President*

Insurance Council of New Zealand

## Chief Executive's Report

2015 was the 120th anniversary of the Insurance Council. What makes organisations like ours enduring and relevant is attention to the public's trust and confidence in our industry.

That focus binds members to a common purpose that benefits society and guides the scope of our work. To that end, this past year we have continued to roll-out initiatives to raise public understanding of risk and insurance, promote risk reduction, support recovery efforts in Canterbury and advance our position across a range of regulatory matters.

The regulatory and legislative workload has been particularly demanding and is expected to remain so over the next year. Much of the work in this area has been driven by matters arising from the Canterbury earthquakes and the greater attention being given to risk reduction.

Submissions included those on the Building Act Emergency Management proposals to ensure closer consultation with insurers about assessment of damage to buildings after a major event, to oppose increasing compensation to uninsured Red Zone residents to avoid removing the incentive to insure, and on the Earthquake Prone Buildings Amendment Bill to highlight the omission of issues with non-structural seismic restraints.

The most important submission was that on The Treasury's discussion document about future natural disaster coverage. The President's report summarises the thrust of this submission. The glaring need for insurers to assess and manage both EQC and their own claims was demonstrated by the continued transfer of claims to insurers by EQC throughout the year.

Last year, 1,425 claims were transferred to insurers. These are households who only begin the settlement process with their insurer once transferred which is now more than five years after the first event. Change is essential so homeowners deal directly with their insurer from whom they purchased their policy and with whom they have an ongoing relationship and this will avoid the most seriously damaged properties being left without progress for years.

We also propose that the EQC policy cover follow that of the private insurer, so homeowners are reinstated on the same basis irrespective of whether the claim is over or under cap and this will remove much duplication of assessment and grounds for dispute.

Whatever legislative change occurs, a major challenge over the next year or so will be to establish clear arrangements between EQC and insurers to ensure a more efficient and effective response to natural disasters in future.

ICNZ's efforts with the Canterbury recovery continue as by year's end almost \$17 billion of settlements had been completed. We have worked on behalf of members with the Residential Advisory Service, the Earthquake Support Co-ordinators Service, on multi-unit property settlements, on legislation to address survey boundary issues and EQC land settlement matters for properties more vulnerable to flood and liquefaction.

ICNZ has continued its efforts to promote risk reduction as outlined in our position paper Protecting New Zealand from Natural Hazards. Our 15-point plan has been included in a Society of Local Government Managers paper on risk reduction and we have begun a programme of engagement with chief resilience officers from Auckland, Wellington and Christchurch city councils. ICNZ also sits on the Climate Change Action Plan Steering Group for the Wellington City Council.

Internationally, ICNZ supported the Sendai declaration on risk reduction in March which was also supported by the New Zealand government. Subsequently, we have seen and supported the development of a new Civil Defence and Emergency Management Plan which places stronger emphasis on risk reduction and recovery.

ICNZ has also contributed to international efforts to reduce risk through being a signatory to the United Nations Environmental Programme's Principles of Sustainable Insurance (PSI). ICNZ sat on the PSI's global resilience steering group that developed a case study guide on disaster risk reduction and recovery to assist vulnerable countries.

We also supported the Paris Pledge for Action supporting adoption of the new climate change agreement in November. Locally, we welcomed the Parliamentary Commissioner for the Environment's report on sea level rise. This identified \$20 billion of assets lying within 150 cm of the mean high tide level in New Zealand. We were vocal in stressing that this under-estimates risks as it does not take into account the quality of ageing infrastructure and extreme weather events.





The Whanganui River after the flood peaked on 21 June 2015.  
Photo credit Wanganui Chronicle photograph by Bevan Conley.

### “Extreme weather events led to \$115 million in insured costs in 2015.”

ICNZ joined the Global Federation of Insurance Associations (GFIA) whose member associations underwrite almost 90% of insurance premiums globally. Membership and involvement on GFIA’s committees will enable us to keep abreast of international developments that affect the industry.

The Fire Service Levy, a long-standing sore point for the industry, was raised again when submissions were invited on the structure and funding of the New Zealand Fire Service. It was disappointing to note that the Government had ruled out of scope any funding of this public good service from general taxation or rates.

Our submission supported an option that provided for the removal of the levy from motor insurance and a greater contribution from the Crown or government

agencies to funding the service. This would at least will make an unfair system that is out-of-step with international practise a little fairer.

In other regulatory areas, we have supported a requirement to disclose broker commissions as part of the review of the Financial Advisers Act reflecting the principle of transparency and informed choice for consumers. We have also facilitated submissions for members to the Reserve Bank on new data collection requirements.

Our work on preparing the revised Fair Insurance Code for its introduction on 1 January 2016 involved ICNZ leading over a dozen workshops for members and stakeholders as well as finalising the Code’s supporting documentation. We thank members for all the work they have undertaken in preparation.

The integrity of the new Code is critical to trust and confidence in our industry. The quality and stature of the independent members of the Code Compliance Committee will ensure just that.





The annual ICNZ conference, which had a strong consumer theme to it, attracted over 300 registrations, a record number.

We have a role scanning the environment on changes that may impact the industry and part of the conference focused on the potential disruptive impact of technology in a highly consumer centric market. This will be an ongoing issue for the industry and questions have been raised by consumer representatives about the promotion of price comparison sites.

ICNZ strongly supports consumer choice and competition, but we have significant concerns for consumers if they purchase solely on the basis of price without informing themselves whether the cover is right for them.

The exponential growth of the 'Internet of Things' and the risks that brings has persuaded us to make this an area for special focus that will be covered by the

#### Liability Standing Committee

ICNZ has also led with partner organisations a number of workshops to raise industry skills. These included workshops and seminars on business interruption, marine cargo, liability under the new Health and Safety at Work Act and on insurance solvency and capital.

Public education promoting risk management and financial capability remains a priority. Our partnership with the Young Enterprise Trust (YET) brought the risk and insurance resources that were developed last year to 85 secondary schools. This covers personal financial management unit standards at Levels 2 & 3 and includes student workbook and assessments, assessor guidelines and material for teachers on each standard.

YET also developed material on house and contents insurance as well as for small businesses that will be distributed through our Covered website to the public and Citizens Advice Bureaux.

We began a new partnership with Banqer, a young company that specialises in developing interactive financial learning tools for schools. They have incorporated an insurance module into their offering which was showcased with largely Pasifika students in south Auckland on Insurance Day.

We have also continued our briefings to CAB staff around the country to ensure they are equipped or supported to respond to public queries on insurance issues. Toward the end of the year, we were investigating other ways of partnering with the Commission for Financial Capability and the Ministry of Pacific Island Affairs to broaden our reach.

There was only one staff change which occurred when the Communications Manager left in May to pursue a consultancy role with a public relations company. He was ably replaced by Sarah Knox who has a strong communications background particularly in the tertiary sector.

Sarah took over the management of the Employment and Education Standing Committee in addition to that of Communications and Public Education. This will enable better coordination of our financial capability strategy and promoting insurance as an attractive career.

I want to thank the support of the ICNZ team throughout the past year. Although small in number, collectively it achieves a lot because of enthusiasm and dedication. It was a proud moment to be awarded the Insurance Leader of the Year Award by the Australian and New Zealand Institute of Insurance and Finance, but one that reflected on the efforts of ICNZ as well as the industry leaders that have so ably supported us.

In acknowledging that support, I want to pay special recognition to the Presidents and Board members for their contribution to advancing the interests of our industry. There were several changes to the Board in 2015, but the constant was the same commitment to putting the public's confidence in the industry to the fore.

**Tim Grafton**  
*Chief Executive*

Insurance Council of New Zealand

## Council activities 2015

The following list of activities identifies the specific work outcomes of the Council, its standing committees and working groups. Some of the activities were extensive in nature, others relatively minor. However, all are part of the Council's drive to deliver the strategic objectives set down by Council members and the Council Board.

While a significant proportion of the Council's activities have been earthquake-related, the Council has also continued its normal core functions of regulation, knowledge management and representation of members' interests.

### Submissions to and work with Government



ICNZ made about 15 submissions during 2015 on issues affecting our industry, including on New Zealand's future natural disaster insurance scheme and fire service levy.

Submissions can be found online at <http://www.icnz.org.nz/issues-submissions/submissions/>

- Submission to The Treasury on the structure of New Zealand's future natural disaster insurance scheme.
- Submission to the Department of Internal Affairs on the Fire Services Review Discussion Document, including ongoing work with the Department's officials and the Minister, with a focus on changing the way the Fire Services are funded in New Zealand.
- Submission to the Ministry of Business, Innovation and Employment (MBIE) on the review of the Financial Advisers' Act 2008 and Financial Service Providers (Registration and Dispute Resolution) Act 2008 and follow up consultations with MBIE officials, with a focus on requiring mandatory disclosure of broker commissions.
- Submission to MBIE on a proposed minimum compensation cap for insurance disputes.
- Ongoing consultation with MBIE officials and the Minister about the application of certain Consumer Law Reform provisions when applied to insurance contracts – including, in particular, the uninvited direct sales provisions of the amended Fair Trading Act 1986 and the definition of a "credit contract" in the amended Credit Contracts and Consumer Finance Act 2003.
- Submission to MBIE on the Building Act Emergency Management Consultation.
- Ongoing work with MBIE surrounding a proposed cap on local government liability for its building consenting activity and the proposed establishment of a residential home warranty scheme in New Zealand.
- Bi-annual meetings with the Reserve Bank of New Zealand (RBNZ) to discuss prudential regulation of insurers and speak to submissions.
- Submissions to RBNZ on its consultation paper for the Collection of New Zealand Insurer Data for the Insurer Return.
- Submission to the Ministry for the Environment's Climate Change Consultation on New Zealand's climate change target.
- Submission to Parliament's Local Government and Environment Select Committee on the Buildings (Earthquake-prone Building) Amendment Bill.
- Submission to Parliament's Regulations Review Committee on its Inquiry into Parliament's Legislative Response to Future National Emergencies.
- Submission to Parliament's Transport and Industrial Relations Select Committee on the Accident Compensation (Financial Responsibility and Transparency) Amendment Bill.
- Submission to Parliamentary Counsel's Office on exposure draft of the Contract and Commercial Law Bill 2015.
- Submission to the Ministry of Civil Defence and Emergency Management on the National Civil Defence Emergency Management Plan Order 2015.
- Submission on Residential Red Zone Recovery Plan



## Other Council activities and their outcomes

### Canterbury earthquake-related matters

- Land Repair Steering Group working to understand the EQC land repair compensation eligibility modelling.
- GM's Group meetings held each month to review progress and make decisions on claims roadblocks
- CE's meetings took place each month as a reporting forum to keep track of the various insurer, EQC, CERA and Christchurch City Council work streams and provide assistance where any complications or delays may have occurred.
- ICNZ assisted with the Shared Property Project (SPP) administration and facilitation of meetings to resolve the complex issues around multi units and cross lease properties.
- ICNZ represented insurers on the Residential Advisory Service Governance Group and assisted in renegotiating insurer funding for the service.
- ICNZ represented insurers on the Earthquake Support Co-ordination Service Governance Group.
- Revised the quarterly earthquake stats reporting to provide more information around where claims sit in the claims pipeline.
- ICNZ-CERA development of a training programme for claims managers.
- Involvement on a leaders group to find solutions to Canterbury survey issues.

## Other committee and working group activities

### Commercial Property Committee

- Began work on a new commercial property valuation guideline for professional valuers which will assist valuers in providing insurance valuations that reflect current policy wordings.
- Held the 2nd successful Business Interruption training workshop jointly supported by ICNZ and IBANZ and attracted 106 attendees over two days.
- Revised the guidelines for the application of the fire service levy.

### Communications and Public Education Committee

- Facilitated a second CTV series on the Canterbury recovery.
- Awarded the Excellence in Insurance Journalism Awards.
- Promoted teacher and student resources to support four Personal Financial Management Unit Standards, Levels 2 and 3.

- Participated in Commission for Financial Capability's Money Week programme with launch at Insurance Day of Banquer's Insurance Module.
- Insurers sponsored the use of Banquer in four South Auckland Pasifika schools.
- Published "Are you covered? Your First Guide to Home and Contents Insurance" booklet.



Start up financial education provider, Banquer launched their insurance module Insurance Day, as part of Money Week. Students from four South Auckland intermediate schools came together at the Pacific Business Trust to work in teams on simulations of natural disasters that taught them basic concepts about risk management and insurance.

### Disputes Tribunal Working Group

- Ran a training day for 32 insurer claims and recovery staff on the procedures for filling in applications and presentation of evidence in the Disputes Tribunal.

### Employment and Education Committee

- Produced the Insurance sector annual Remuneration Survey.
- Developed common measures to track trends across the industry including workforce distribution, turnover and injury frequency.
- Acted as a key reference point for ANZIIF in New Zealand including input into and support for education, conferences and research initiatives.
- Developed a report on key learnings from the Canterbury earthquake focusing on the industry as employers in the region.
- Supported the ICNZs financial literacy programme.

#### Finance Committee

- Held a workshop with RBNZ to discuss data reporting proposals and clarify data definitions.
- Held three Training workshop in conjunction with CPA for industry accounting staff on Ratios, Metrics and Benchmarking, Claims Reserving and Solvency and Capital.
- Held a presentation from PWC to update members on IFRS Phase II
- Held a Q & A session with RBNZ and finance committee members on data reporting and solvency issues.

#### Future Natural Disasters Working Group

- Developed a comprehensive submission to the Treasury's discussion document on New Zealand's future natural disaster scheme.

#### Liability Committee

- Jointly hosted liability discussion group with the NZ Insurance Law Association on the upcoming changes to workplace health and safety laws.
- Worked through issues relating to section 9 of the Law Reform Act 1936, in particular, its lack of application to insurers based offshore.
- Formed a subcommittee of members to work with MBIE to discuss a potential cap on the legal liability of building consent authorities for building consent work, and the feasibility of a residential home warranty scheme.
- Monitored key developments in law and regulation, including the Carter Holt Harvey litigation regarding whether the Building Act's 10 year longstop on claims for defective building work applied to products supplied (cladding) as part of the build process.

#### Marine Committee

- Updated Marine Large Loss Register for 2014/2015.
- Committee Representation at the Maritime Law Conference April 2015.
- Supported the Ministry of Transport with the updated international Protocol for Limitation of Liability for Marine Claims Convention. This was an issue ICNZ raised with the Government following the Rena loss in 2010.
- Continued support for marine exam prizes in 2015 by Marine Committee members.
- Committee consulted with both Maritime New Zealand and Ministry of Transport.
- Completed the Contract and Commercial Law Bill 2015.
- Updated the ICNZ Marine Casualty Procedures for railway incidents (Kiwi Rail)

- Updated the Marine Cargo Open Policy Handbook.



ICNZ has developed a Marine Cargo Open Policy Handbook for importers, exporters and insurance advisors. The handbook can be downloaded here <http://www.icnz.org.nz/for-consumers/marine-cargo-insurance/>

#### Motor Committee

- Engaged with a vehicle security expert to understand likely short comings in factory vehicle security systems and the modern technology thieves are using to steal late model vehicles.
- Engaged with Audi New Zealand to understand the development for collision avoidance technology, electric vehicle technology and autonomous vehicles of the future.
- Engaged with NZ Police on exploring ways that insurer and Police can work together to reduce motor vehicle crime.
- Updated the Rental Vehicle Loss of Use Depreciation and Running Costs data for 2015/16
- Committee consulted with the Ministry of Transport and the New Zealand Road Transport Forum on current issues affecting the road transport industry and the future planning for autonomous vehicles.

#### Motor Assessor Technical Working Group

- Completed the smash repairer Structural Repairer Code of Practice.

#### Personal Lines Committee

- Completed a review of the Standstill Agreement.
- Facilitated the provision of flood data to Christchurch City Council to match against Council data,
- Liaised with Canterbury stakeholders on the provision of housing data for a future insurability database,



- Worked with jewellery valuers to develop industry guidelines for jewellery valuations
- Held a Natural Hazards workshop in Christchurch to discuss the Council's District plan proposals on coastal erosion and coastal inundation
- Met with Police to discuss ideas for burglary reduction initiatives
- Provided input into the brochure on home and contents insurance



The Are You Covered – Your First Guide to House and Contents Insurance can be downloaded from the <http://covered.org.nz/> website.

#### Travel Committee

- Instructed Colmar Brunton to conduct market research into the travel insurance industry and trends.
- Hosted a workshop for members and their staff with presentations on cost containment, Ministry of Foreign Affairs and Trade on consular services for travellers, and Paul Hurrell from AIG (Australia) with an operational-level fraud update.
- Hosted a presentation from Konnect Net, which provides an online platform to collect and standardise medical information about insureds at claim time.

#### Insurance Claims Register

- ICR Board decided to switch technology partners to develop a more sophisticated platform to host the ICR
- Development work took place with new provider Aptelinsense between March and the launch date of 01 November 2015
- The ICR manager gave a presentation at the ICNZ conference to demonstrate the new capabilities including geospatial analysis and predictive analysis which will be rolled out in future upgrades
- New members were sought to join the ICR and YOU! were the first to sign up

## Presentations

Council staff made presentations to:

- More than a dozen industry workshops on the Fair Insurance Code
- Australia-New Zealand Climate Change Business Conference
- New Zealand Symposium on Disaster Risk Reduction
- Auckland Council and Wellington City Council on the ICNZ 15 point resilience plan 2015
- Association of Wall & Ceiling Industries annual conference in Rotorua 2015
- New Zealand Insurance Law Association's annual conference
- New Zealand Insurance Law Association Liability Discussion Group
- Citizens Advice Bureaux in Kapiti, North Shore and Hibiscus Coast
- Rotary Clubs in Plimmerton, Heretaunga and Eastbourne
- REINZ Seminar, Christchurch on insurance issues for domestic property
- NZ Society of Actuaries General Insurance Seminar (panel discussion)
- In the Know Hub Christchurch on Cash Settlements panel
- Grey Power Lower Hutt on Sum Insured
- Jointly hosted with DLA Piper seminar on Insurance Law by Professor Rob Merkin
- Society of Local Government Managers
- Auckland Regional Migrant Services Community Road Safety Forum for new migrants on motor insurance



The revised Fair Insurance Code was finalised ready for introduction on 1 January 2016. ICNZ ran over a dozen training workshops for members and one on one meeting with stakeholders, appointed a Code Compliance Committee, and finalised the Code's supporting documentation.

# 120 years Supporting New Zealand

The Insurance Council of New Zealand was established in 1895 and in 2015 celebrated 120 years of service to its members.

Highlighted here are some of the worst natural disasters that New Zealand and the industry has faced.



Christchurch Cathedral destroyed by earthquake, 2011. Alexander Turnbull Library





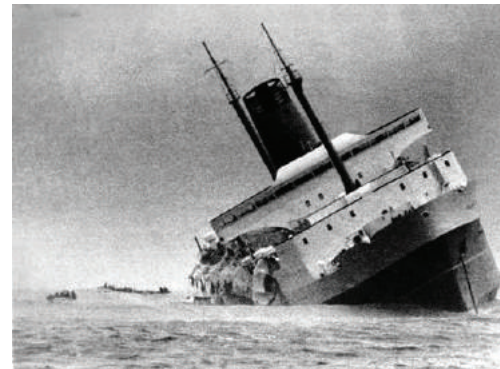
Napier earthquake, 1931. Alexander Turnbull Library.



Abbotsford Landslide, 1979. [www.teara.govt.nz](http://www.teara.govt.nz)



Ballantynes fire, Christchurch,  
18 November 1947.  
Alexander Turnbull Library



TEV Wahine Sank, 10 April 1968.  
Alexander Turnbull Library

## Industry Statistics

### All Business year ended 30 September 2015

	Year-end	2011	2012	2013	2014	2015
Gross Written Premium		3,979,548,054	4,448,725,196	4,770,148,673	5,258,213,477	5,260,803,452
Net Written Premium		3,179,010,972	3,462,270,445	3,652,556,360	4,018,404,458	3,880,463,935
Net Earned Premium		2,962,014,374	3,247,031,758	3,506,529,351	3,912,441,162	3,895,768,305
Claims Incurred		3,311,871,292	2,206,076,841	2,174,942,392	2,350,393,425	2,546,016,620
Loss Ratio %		111.81%	67.94%	62.03%	60.07%	65.35%
Business Costs (Staff etc)		1,023,410,108	1,006,100,070	1,200,746,602	1,315,241,975	1,367,165,689
Combined Ratio %		146.36%	98.93%	96.27%	93.69%	100.45%

### Commercial Material Damage and Business Interruption year ended 30 September 2015

	Year-end	2011	2012	2013	2014	2015
Gross Written Premium		502,455,302	589,915,428	598,432,282	684,399,324	687,192,670
Net Written Premium		292,078,059	306,669,880	325,879,410	369,583,445	346,431,648
Net Earned Premium		280,155,525	276,305,711	322,693,671	358,734,362	369,677,595
Claims Incurred		155,895,787	226,855,573	192,309,752	227,168,439	208,771,487
Loss Ratio %		55.65%	65.50%	59.60%	63.32%	56.47%

### Domestic Buildings and Contents year ended 30 September 2015

	Year-end	2011	2012	2013	2014	2015
Gross Written Premium		1,052,270,223	1,170,172,533	1,342,027,881	1,477,326,975	1,522,053,535
Net Written Premium		904,836,784	963,207,401	1,082,408,518	1,219,945,738	1,210,698,365
Net Earned Premium		826,974,807	898,261,166	1,002,937,356	1,168,935,364	1,186,680,158
Claims Incurred		515,234,420	532,924,232	582,828,477	609,645,684	634,005,780
Loss Ratio %		62.30%	59.33%	58.11%	52.15%	53.43%

### Motor Commercial and Private year ended 30 September 2015

	Year-end	2011	2012	2013	2014	2015
Gross Written Premium		1,339,829,531	1,355,055,482	1,410,050,905	1,509,389,417	1,564,349,422
Net Written Premium		1,319,857,990	1,335,018,668	1,393,761,828	1,487,114,169	1,477,793,120
Net Earned Premium		1,265,751,060	1,308,806,948	1,366,159,713	1,441,718,227	1,444,274,566
Claims Incurred		824,763,162	831,303,537	886,385,444	951,461,076	1,003,957,760
Loss Ratio %		65.16%	63.52%	64.88%	65.99%	69.51%



**Marine Hull and Cargo** year ended 30 September 2015

Year-end	2011	2012	2013	2014	2015
Gross Written Premium	125,403,642	144,329,385	137,235,745	140,528,421	137,394,192
Net Written Premium	95,310,182	113,845,851	112,054,232	116,508,142	107,813,364
Net Earned Premium	93,872,738	106,131,028	111,737,383	118,685,913	108,805,543
Claims Incurred	59,722,860	68,334,669	47,759,994	56,416,386	54,977,363
Loss Ratio %	63.62%	64.39%	42.74%	47.53%	50.53%

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

year ended 30 September 2015

Year-end	2011	2012	2013	2014	2015
Gross Written Premium	313,644,264	337,991,478	368,972,214	457,406,090	468,311,462
Net Written Premium	269,481,979	271,017,729	292,977,466	345,109,879	338,478,576
Net Earned Premium	261,188,903	264,165,039	284,297,206	329,383,275	339,225,156
Claims Incurred	127,512,090	116,058,093	119,499,270	101,971,756	78,081,999
Loss Ratio %	48.82%	43.93%	42.03%	30.96%	23.02%

**Earthquake Domestic, Commercial M.D., Business Interruption and Marine Cargo**

year ended 30 September 2015

Year-end	2011	2012	2013	2014	2015
Gross Written Premium	350,256,361	548,513,318	608,686,700	642,638,358	560,528,347
Net Written Premium	69,248,376	249,950,471	221,723,316	263,734,316	226,368,484
Net Earned Premium	4,796,126	170,848,763	198,612,059	268,276,192	261,986,321
Claims Incurred	1,494,617,694	344,794,781	228,581,132	291,746,108	457,937,219
Loss Ratio %	31163.02%	201.81%	115.09%	108.75%	174.79%

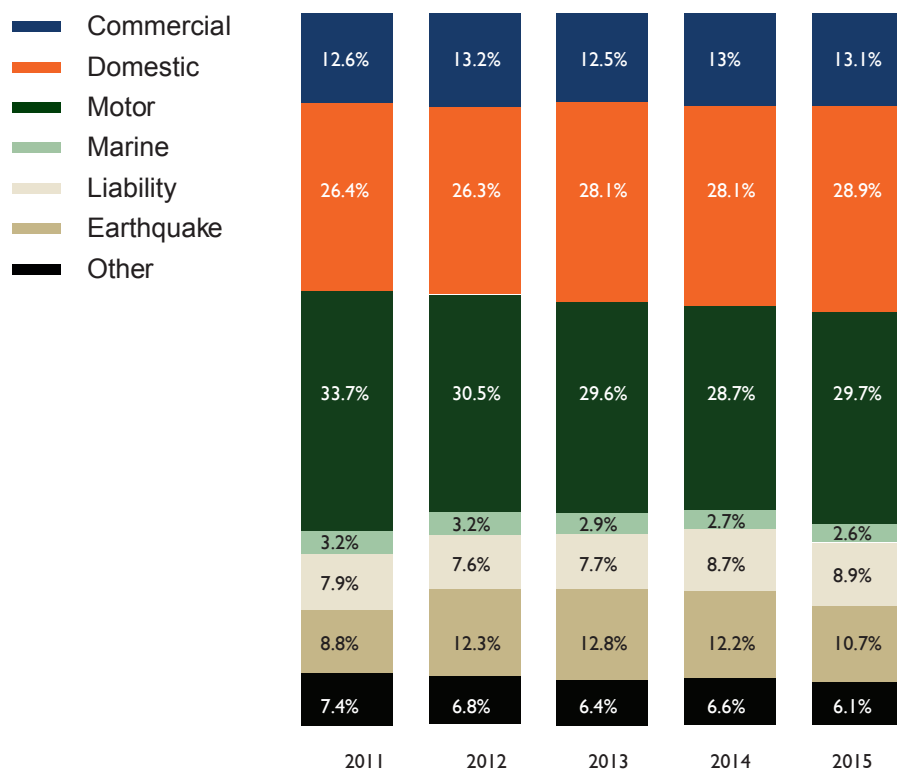
**Other Personal Accident, Travel, Livestock and Other** year ended 30 September 2015

Year-end	2011	2012	2013	2014	2015
Gross Written Premium	295,688,731.00	302,747,572	304,742,946	346,524,892	320,973,824
Net Written Premium	228,197,602	222,560,445	223,751,590	216,408,769	172,880,378
Net Earned Premium	229,275,215	222,513,103	220,091,963	226,707,829	185,118,966
Claims Incurred	134,125,279	131,668,122	117,578,323	111,983,976	108,285,012
Loss Ratio %	58.50%	59.17%	53.42%	49.40%	58.49%

**Gross Written Premiums of Business Classes** year ended 30 September 2015

Year-end	2011	2012	2013	2014	2015
Commercial	502,455,302	589,915,428	598,432,282	684,399,324	687,192,670
Domestic	1,052,270,223	1,170,172,533	1,342,027,881	1,477,326,975	1,522,053,535
Motor	1,339,829,531	1,355,055,482	1,410,050,905	1,509,389,417	1,564,349,422
Marine	125,403,642	144,329,385	137,235,745	140,528,421	137,394,192
Liability	313,644,264	337,991,478	368,972,214	457,406,090	468,311,462
Earthquake	350,256,361	548,513,318	608,686,700	642,638,358	560,528,347
Other	295,688,731	302,747,572	304,742,946	346,524,892	320,973,824
Total	3,979,548,054	4,448,725,196	4,770,148,673	5,258,213,477	5,260,803,452

**Gross Written Premiums of Business Classes by Percentage** year ended 30 September 2015





## The Insurance Council of New Zealand

### President

**Chris Black**  
FMG (from September)

**Gary Dransfield**  
Vero (to September)

### Board Members

**Andrew Brooks**  
ACE Insurance Limited, a Chubb Company  
(from September)

**Ross Chapman**  
QBE

**Chris Curtin**  
AA Insurance

**Kai Dwyer**  
Zurich (New Zealand) (from August)

**David Hancock**  
TOWER (to September)

**Jacki Johnson**  
IAG

**Martin Kreft**  
Munich Re

**Henry Lynch**  
Co-op Insurance NZ

**Paul Smeaton**  
Vero (from September)

**Martin Stokes**  
MAS

**Pietro Toffanello**  
GenRe (to July)

### Standing Committees 2015

#### Commercial Property Committee

Deborah Angelinovic	MunichRe
Nathan Barrett	FMG
Malcolm Beaton	BerkleyRe
Hayden Chapman	Allianz
Brett Clark	AIG
Mark Cross	Vero
Simon Foley	Zurich
David Lee	MAS
David Moffatt	ACE Combined
Richard Rolston	QBE
John Stubbs	GenRe
Andrew West (Chair)	IAG

#### Communications & Public Education Committee

Pamela Bonney	Vero
Trevor Devitt	Youi
Craig Dowling	IAG
Val Graham (Chair)	QBE
James Kennedy	Tower
Amelia Macandrew	AAI
Robin Moore	ACE
Shannon Morrison	AIG
Shelley Slater	Hallmark
Colin Wright	FMG

#### Employment and Education Committee

Jan Aitken	QBE
Andrea Brunner (Chair)	FMG
Sonya Cornwall	IAG
Catherine Dixon	Vero
Jenny Erasmus	AIG
Nikki Howell	AAI
Faye Luxton	Tower
Ross McMillan	MAS
Simone Nelson	ACE

### Finance Committee

Scott Barkman	IAG
Herman Beukes	GenRe
Martin Chisholm	AAI
Hanneli Combrinck	Youi
Jeremy Fergusson	Tower
Matthew Judge	MAS
Louise Jury (Chair)	Vero
Dave Kibblewhite	FMG
Terry Lawrence	QBE
Doris Niyonsaba	Zurich
Dean Phillips	MunichRe
Henry Ray	CBL
Julie Taylor	Hallmark
Debbie Wilson	AIG

### Liability Committee

Heather Bailey	Vero
Malcolm Beaton	BerkleyRe
Ryan Clark (Chair)	IAG
Ron Curin	AIG
Mark Downes	ACE
Dean Finlay	CBL
Nicky Hughes	FMG
Karl Kemp	Allianz
Nicholas Murphy	GenRe
Philip Murphy	QBE
Mathew Spears	MunichRe
Brett Wainhouse	Zurich

### Marine Committee

Keith Auld	MunichRe
Christopher Barrett	Sunderland Marine
Daniel McIntyre	Zurich
John McKelvie (Chair)	Vero
Alistair Monk	QBE
Darren Pattle	Allianz
Mark Roelink	NZI Marine
Fraser Walker	AIG

### Motor Committee

Rodney Brown	Co-op Insurance NZ
Paul Cowie	Tower
Daryl Roycroft	AAI
Gaye Fowler	Zurich
Michael Hookham	Vero
Rick Miranda	Youi
Sonya Ohlen	MAS
Clint Sammons	QBE
Ian Taylor (Chair)	Lumley
Geoff White	FMG

### Personal Lines Committee

Sandra Bees	QBE
Quintin Fialho	Tower
Richard Godman (Chair)	Vero
Ralph Hart	IAG
Kim Meyer	AAI
Sonya Ohlen	MAS
Charles Pollack	Youi
Sandra Wong	FMG

### Regulation Committee

Rob Arcus	Vero
Paul Barton	MAS
Megan Bonetti	Tower
Bryce Davies (Chair)	IAG
Kai Dwyer	Zurich
Fiona Eagles	ACE
Donna Everett	AAI
Steve Friis	Co-op Insurance NZ
Terry Lawrence	QBE
Roslynd Lee	Allianz
Lisa Murray	FMG
Chris Overs	Youi
Rachel Perry	Hallmark
Henry Ray	CBL
Richard Shine	AIG
Mathew Spears	MunichRe

### Travel Committee

Will Ashcroft	Allianz Global Assistance
Michelle Boulger	IAG
Daniel Currie (Chair)	AIG
Karl Dixon	Cover-more
Shane Greene	ACE
Ed Hayes	QBE
Aliessa Pritchard	Hallmark
Adam Rudland	Cigna
John Whitta	Tower

### Insurance Council Members

AA Insurance
ACE Insurance Limited, Combined Insurance
ACS
AIG
Allianz
BerkleyRe
CBL Insurance
Chubb
Cigna New Zealand
Civic Insurance
Co-op Insurance NZ
FMG
General Re
Hallmark
IAG Insurance, AMI, State, NZI, Lumley
Lloyd's
Medical Assurance Society
Mitsui Sumitomo
MunichRe
Provident
QBE
Southern Response
Sunderland Marine
Swiss Re
Tower
Vero
Youi
Zurich

## ICNZ Conference

The annual ICNZ Conference was held in November and had a strong consumer-centric theme, attracting over 300 registrations.



Above left: A four person Chief Executive panel reflected on the consumer environment. Left to right is IAG's Jacki Johnson, John Lyon representing Ando, Danie Matthee of Youi, AA Insurance's Chris Curtin and panel convenor ICNZ's Tim Grafton.



Above right: Australia's Professor Allan Manning, who heads the LMI Group, entertained and provoked debate as he took delegates on a journey through the emerging risks of the future and how these may influence the shape of the industry.



Louise Hanson (pictured, bottom right), Director of Advocacy for the Association of British Insurers and a former leading consumer advocate in the UK, provided her unique insight having worked for consumers and insurers. She also gave an overview of trends and regulation in the UK and Europe which we may expect here.



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