

Insurance Council of New Zealand Annual Review 2018





Insurance Council of New Zealand Board and Staff

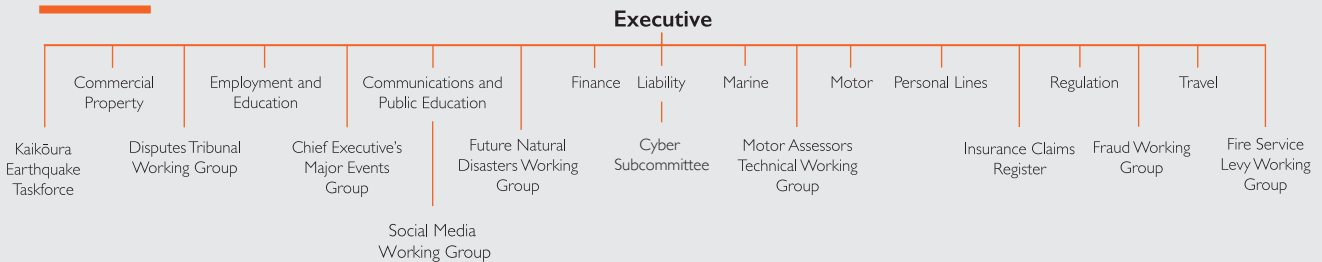
Left to right back row:
 John Lucas (ICNZ), Chris Black (FMG), Chris Curtin (AA Insurance), John Lyon (Hollard), Marc Guppy (Allianz), Andrew Brooks (Chubb), Andrew Flitcroft (Gen Re), Craig Olsen (IAG), Andrew Saunders (ICNZ), Terry Jordan (ICNZ), Sarah Knox (ICNZ)

Left to right front row:
 Stephanie Robertson (ICNZ), Richard Harding (Tower), Paul Smeaton – Vice President (Vero), Martin Stokes – President (MAS), Tim Grafton (ICNZ), Jane Brown (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

It was a privilege to take over the Presidency of the Insurance Council in March 2018.

Reflecting on the past year vividly reinforces the critical role the Board of ICNZ has in providing leadership by setting high standards for our sector in all our dealings with customers.

We know trust is at the heart of the relationship between insurers and their customers. It demands constant attention because it is hard to earn and so easy to lose.

That is why the Board takes the view that the Fair Insurance Code, which sets the standards for ICNZ members' dealing with customers, must set the bar high. The Code was subject to its three-yearly review in 2018 and the Board decided any revisions needed to exceed what was required by law.

Importantly, the review's starting-point was to seek submissions from the public and a wide range of external stakeholders. The call for submissions was advertised nationwide and promoted through social media channels. Sixty organisations were approached and invited to submit.

Seeing ourselves as others see us is critical to learning how we can strive to do better. The feedback was instructive with helpful recommendations ranging from improving the accessibility of the Code through to privacy considerations and clarification of self-imposed timelines for responding to claims and complaints.

I want to thank the members who formed the sub-group of the Board for diligently working through the revisions to improve the Code and supporting the initiative to translate the Code into Te Reo and sign language.

One issue the Government has identified that needs addressing is the law around non-disclosure of material information that would have affected the underwriter's decision whether to accept a risk or how to price it. It is pleasing that ICNZ moved on this issue three years ago, so the current Code requires members to respond reasonably to non-disclosure with the arbiter of reasonableness resting with the external dispute resolution schemes, not the insurer.

We welcome further change to the law so the direction ICNZ has adopted applies to all insurers.

The timing of the Code review coincided with a sharp focus on the financial sector's conduct most noticeably by the Australian Royal Commission into misconduct in the banking and financial sector. Although that highlighted issues in Australia, New Zealand has not been immune to fresh scrutiny.

Indeed, it led the Reserve Bank of New Zealand and the Financial Markets Authority to launch a review of conduct and culture of the banks and Life Insurers with the report on the latter expected early in 2019. If insurance is to have the trust and confidence of New Zealanders, then the sector as a whole must assure the

public that its systems and processes have the customer at the heart of its decision-making.

This will require leadership from the top to set the culture and expectations of appropriate conduct. I am proud that my fellow Board members have taken just that approach in reviewing our own Code. It is an approach that we will apply to the comprehensive review of Insurance Contract Law in the coming year.

One initiative to help customers that the Board has been pleased to support was its approval to establish the Insurance Fraud Bureau (IFB) with ICNZ. The IFB will be charged with tackling what may be as much as \$600 million of fraud committed each year. This cost is ultimately one all insured people bear. Over the next 12 months, the IFB will build its brand presence and capability to make a real impact on the incidence of what is certainly not a victimless crime.

It was frustrating to see the ongoing transfer of over 700 Canterbury claims from EQC to insurers in 2018. An ICNZ initiative to establish a one-stop shop for claims settlement that would have removed the duplication of efforts was not picked up by the Government, but members will continue to resolve the remaining complex claims as quickly as possible.

We remain committed to advocating for a change to the future management and settlement of claims, so that insurers act as agents of EQC as we did after the Kaikōura earthquake. This has proved to be more efficient, effective and customer-centric.

During the year, CBL Insurance decided that the issues that had given rise to an application by the Reserve Bank to put it into liquidation should not reflect on the reputation of ICNZ. Accordingly, the Board accepted the resignation of CBL Insurance and noted that it fulfilled all its levy obligations.

Our new Associate Members, the reinsurance brokers, Guy Carpenter and Willis Re, have

been actively involved in the work of the Council. We look forward to KPMG joining as an Associate Member at our annual general meeting in late March 2019.

On behalf of the Board, I would like to acknowledge the outstanding work of the team at ICNZ which is led superbly by Tim Grafton. We greatly appreciate their valuable contribution to the critical issues for our sector and for the many ways in which they support the membership. A lot of the work ICNZ carries out is through various standing committees and working groups; sincere thanks to the chairs and members of these for their time and commitment throughout the year.

There were two changes to the Board during the year. Mat Spears, who led the Munich Re team in New Zealand, resigned in January to take up a new role and Bill Donovan, who has ably led QBE in New Zealand, were replaced by Andrew Flitcroft, Managing Director of Gen Re for Australia and New Zealand, and John Lyon Chief Executive of Ando, representing Hollard Insurance. I would like to thank Mat and Bill for their contributions to the Board.

Finally, I would especially like to thank my fellow Board members for their support throughout the year and for the time they put aside from their own companies for the greater good of our sector and the customers we serve.



Martin Stokes

President

Insurance Council of New Zealand



Chief Executive's Report

Summary

The first year of the Labour-led Government introduced a fresh set of issues to engage on and meant a busy year for consultation and submissions as we conducted a review of our self-regulation, the Fair Insurance Code.

Extreme weather events, particularly over the first four months, saw ICNZ assisting insurers to support their customers' recovery from losses at close to record levels for these events.

Our risk reduction and resilience strategy maintained a strong public focus on adaptation to climate change and property vulnerability. We broadened our financial capability reach among vulnerable communities. Our social media presence which was virtually non-existent a year ago is established.

ICNZ has also deepened its international linkages. This provides added benefit to members and enables New Zealand to have more influence in global insurance forums.

Four staff who joined us over the past year or so have transitioned well into their roles. We

made the case to establish an Insurance Fraud Bureau and reviewed our financial policies and procedures. ICNZ ended the year in a strong financial position with reserves of \$1.8 million.

Insurance Regulation

Much has changed in the past 40 years since the most recent piece of insurance legislation governing insurance contracts was passed, so we welcomed the Government's decision to start a comprehensive review of Insurance Contract Law. The review which will run through next year will need to reflect new distribution channels and technological change and carefully balance customer needs with some of the unique aspects of insurance which distinguish it from consumer commodity products.

It has been a busy year engaging on other regulatory issues, so the following highlight a few.

Fair Insurance Code

ICNZ's three-yearly review of the Fair Insurance Code this year took a strong customer-centric approach to maintain high standards of service. Input from the public stressed the need to make contract details simpler and policies easier to understand. This year we developed a logo to promote awareness of the Code when customers take out insurance, make a claim or lodge a complaint. This will be compulsory for ICNZ members to display in 2019.

The new Code will play an important part in giving assurances about the conduct and culture of our members. As the President's report notes, this has a fresh focus now.

During 2018, insurers received nearly 1.2 million complaints, of which they report only 40 were upheld or partially upheld by external dispute resolution (DR) schemes.

No. of Claims

1,186,445

No. of complaints to
internal DR process

3,280

No. of complaints to
external DR schemes

261

No. of complaints to external
DR schemes withdrawn

85

No. of complaints to
external DR schemes
settled

110

No. of complaints to external
DR schemes partially upheld

27

No. of complaints to
external DR schemes upheld

13

No. of significant breaches

0

No. of unresolved
significant breaches

0

NB: this data was reported to ICNZ by its members in January 2019 for the 2018 calendar year.

Climate Change

Insurers have always taken the long view of climate change and voiced concern about the need to reduce the impact of more extreme weather events. We, therefore, welcomed the opportunity to submit on the Productivity Commission's inquiry into transitioning to a low emissions economy and later to the Government's discussion paper on a Zero Carbon Bill.

Our strong view is that adaptation or risk reduction should be treated with equal importance to greenhouse gas emissions reduction. We are encouraged by the positive response so far from the Government and other political parties to this view. Insurance has a major role to play in providing the tools that will help solve some of the major challenges posed by climate change.

Canterbury issues

A renewed focus on outstanding Canterbury earthquake issues came with the change of Government. We proposed to the new Government the creation of a one-stop shop to manage all residual claims to remove double handling between insurers and EQC and have one point of contact for claimants. Although this proposal was not picked up, insurers contributed to Christine Stephenson's review of EQC and supported many of its recommendations and welcomed the public inquiry into the EQC that will get underway in 2019. We believe it is important to clarify where EQC's liability lies for negligent damage assessment and remedial repairs.

We voiced our strong objection to aspects of the Canterbury Earthquake Tribunal Bill which are retrospective and omit some basic tenets of natural justice. Given New Zealand's high risks and dependence on offshore capital support to meet the costs from them, this is the worst signal to send.

Insurers will use the Greater Christchurch Claims Resolution Service, which revamps the Residential Advisory Service that ICNZ helped establish, as appropriate. The remaining claims are complex, and no silver bullet solutions exist.

In the past year, insurers received 738 claims transferred to them from EQC.

We can though focus on lessons learned to avoid the transfer of several hundred claims from EQC to insurers which occurred again in the past year. The Kaikōura model under which insurers acted as agents of EQC to manage and settle claims and puts customers' needs at the heart of the settlement process is the model for future events.

FENZ

The previous Government's changes to the levy on insurance to fund Fire and Emergency New Zealand (FENZ) have proved to be the complex, costly problem ICNZ forewarned about. Our technical Working Group has worked with officials and FENZ and successfully sought a deferral of any changes, if they are indeed needed, to out as far as 1 July 2021.

Most problems with the Act were identified by ICNZ and its members working on the regulations. Examples of irrational features included the levy applying to bloodstock, double taxation of property and levying ride-on lawnmowers. The Government had agreed to address these issues, but insurers are still faced with making system changes that will cost tens of millions of dollars even though the FENZ made an annual \$116 million surplus under current arrangements.

The Government should use the deferral period to review how to fund FENZ fairly.

Risk reduction and resilience

Our broader contribution to risk reduction and resilience saw ICNZ highlight significant levels of non-compliance with passive fire protection in commercial buildings. We will be advocating for installers of passive fire equipment to have certified training. Well attended seminars on building vulnerability to passive fire and earthquake risks arising from a major rupture of the Alpine Fault brought these issues to the fore.

Extreme weather events

2018, was another big year for insurers to support their customers from losses due to extreme weather events with over \$226 million in claims, making it the second biggest year for extreme weather events following \$243 million in losses in 2017. There is a society-wide responsibility to reduce the risks from the increased frequency of these events.

Most of these weather events occurred in the first four months of the year and saw ICNZ staff busy on the ground in Thames, Westport, Nelson and Rotorua helping speed recovery efforts. Settlement of claims is when customers see the insurance promise put to the test and the Board was pleased with the positive feedback from local councils about these efforts.

Financial Capability

ICNZ uses multiple partners to deliver its financial capability goals. Banqer, a producer of interactive software and educational videos for intermediate age children, produced a video explaining insurance which has been downloaded over 50,000 times. The Young Enterprise Trust has taken our material for personal financial management unit standards into secondary schools. This year we began a new initiative partnering with FinCap to train their financial mentors who deal with vulnerable people that need financial and budgeting advice. By working with FinCap, almost 9,000 people annually will have more confidence and knowledge about insurance and risk management strategies. Our consumer education is delivered direct via Facebook and our revamped website and indirectly via the media.

Social media

This year we invested in establishing ICNZ's presence in social media focusing on Facebook, LinkedIn and Twitter. We have used these platforms variously to provide advice on insurance and to promote campaigns like diversity in insurance and cyber awareness.

ICNZ Conference

Social media helped in the promotion of our most successful annual conference which attracted 410 attendees and where we ran the two themes of climate change and customer trust. Attendees' evaluations show they find this to be an important and valuable event.

Scholarships

ICNZ continues its proud record of encouraging emerging young leaders through its funding of the annual ICNZ-ANZIIF scholarship. This year's winner was Camille Cullen who wrote on public perceptions of the insurance sector and how to enhance trust in it. As the winner, she will receive a \$10,000 grant to attend an international conference of her choice that furthers her development within the sector.

To encourage greater awareness of insurance among journalists, each year we sponsor an award for the top business journalist in Massey University's Postgraduate Diploma in Journalism course. Reweti Kohere won this year's award and a prize of \$750.

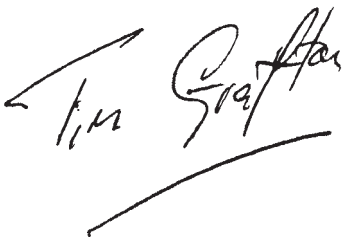
International

As a member of the Global Federation of Insurance Associations (GFIA), ICNZ brings the benefit of participating in international working groups on issues pivotal to our sector. This year I was elected to GFIA's six-person Executive, so giving New Zealand a voice at the leadership table. This will be important as insurance regulators internationally recognise the sector is at a pivot point and needs to address the emerging risks posed by climate change and digitalisation. It is noteworthy that the Reserve Bank has now identified Climate Change as a significant long-term risk.

Thank you

ICNZ achieves a lot for its size and that comes down to having a great team who are dedicated to their jobs. I want to thank them for all their hard work over the past 12 months and the valuable contribution each has made.

I am also grateful for the support of the President and the Board who have guided us well and particularly for their commitment to maintaining high standards in the revisions made to the Code and their support for the establishment of the Insurance Fraud Bureau.



Tim Grafton
Chief Executive
Insurance Council of New Zealand

Fair Insurance Code logo

The ICNZ Board approved the Fair Insurance Code logo during 2018. From 1 January 2019, members of ICNZ will display the Fair Insurance Code logo on their websites and claims and complaints material for brands and products that they underwrite. The Fair Insurance Code logo is displayed on general insurance products that are sold to individuals and small businesses (entities with 19 or fewer employees).

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.



Our changing climate

Insurers have always taken the long view of climate change and voice concern about the need to reduce the impact of more extreme weather events.

Advocating to reduce risks from climate change



It is critical New Zealand adapts to climate change. According to preliminary research from NIWA, there are 125,600 buildings worth an estimated \$38 billion that may be at risk of flooding if sea levels rise one metre. With higher sea levels come increased risks from storms and coastal inundation.

In our submissions in 2018 to the Productivity Commission's inquiry into transitioning to a low emissions economy and later to the Government's discussion paper on a Zero Carbon Bill, we continued to argue for adaptation or risk reduction to be treated with equal importance to climate change mitigation.

We advocate that central government takes leadership of identifying and reducing risks to people, property and the environment, and provides clear guidance to local government as that is where many relevant decisions are made.

Working with communities to reduce risks



ICNZ works with local councils to engage communities on building resilience. Makara Beach residents and the Wellington City Council spent six months working with a range of experts to get a better understanding of what sea level rise might look like in the future due to climate change. They workshopped options to proactively adapt the community over the short, medium and long term.

ICNZ CEO Tim Grafton met with the community and shared how insurance companies in New Zealand are responding to climate change risks. This meant the community could anticipate the insurance industries requirements and factor this into their adaptation plans.

2018 extreme weather events

2018 was the second most expensive year for severe weather events since 1969, with 33,064 claims costing over \$226 million. 2018 fell just short of 2017's record, a year in which severe weather events cost insurers \$243 million.

New Plymouth - Whakatāne tornadoes

20 August

Insured losses (\$m): 2.9

Northland-Bay of Plenty flooding

14-15 July

Insured losses (\$m): 3.7

Gisborne-Hawke's Bay flooding

11-12 June

Insured losses (\$m): 4

Upper North Island-Hawke's Bay flooding

3-4 June

Insured losses (\$m): 4.3

Nationwide severe weather including flooding in Rotorua

27-29 April

Insured losses (\$m): 21.3

Severe weather including tornadoes

10-11 April

Insured losses (\$m): 74.4

Ex-Tropical Cyclone Gita

20 February

Insured losses (\$m): 35.6

Cyclone Fehi

1 February

Insured losses (\$m): 45.9

Nationwide severe weather

4-7 January

Insured losses (\$m): 34.2

Supporting communities post-disaster



In 2018 ICNZ staff were on the ground in Thames, Westport, Nelson and Rotorua helping speed recovery efforts. We are seeing a trend of insurers and local councils in affected areas working together to quickly mobilise support for displaced and stressed people. ICNZ and insurers have set up in community halls and centres across the country along with social and emergency services to provide on-the-ground claims guidance and advice.

Being there in person in times of need is the core business of insurance and we know when disaster strikes traditional communication channels don't always work. Information is also harder to digest when people are dealing with the loss of property and have had their lives disrupted so that face-to-face contact is highly valued by customers.

Council activities 2018

The following list of activities identifies the specific work outcomes of the Council and its standing committees and working groups. Some of the activities were extensive in nature, others were relatively minor, but all contribute to delivering the strategic priorities set down by members and the Board.

Submissions to and work with Government

Submissions were made to the

- Justice Select Committee on the Tribunals Powers and Procedures Legislation Bill 2017
- Economic Development, Science and Innovation Select Committee on the Financial Services Legislation Amendment Bill
- Ministry of Transport on Guidelines for applicants for certificates of insurance for regulated offshore installations under Marine Protection Rules Part 102
- Education and Workforce Committee Select Committee on the Employment Relations Amendment Bill
- Financial Advice Code Working Group on the proposed Code of Professional Conduct for Financial Advice Services
- Justice Select Committee on the Privacy Bill
- Ministry of Business, Innovation & Employment on disclosure requirement regulations in the new financial advice regime
- Finance and Expenditure Select Committee on the Earthquake Commission Amendment Bill
- Productivity Commission on its low-emissions economy inquiry

- Ministry of Business, Innovation & Employment on the Review of Insurance Contract Law
- Ministry for the Environment on the consultation on the Zero Carbon Bill
- Ministry of Business, Innovation & Employment on the review of consumer credit regulation
- Reserve Bank of New Zealand on Insurance Solvency Standards and NZ IFRS 16 Leases
- Christchurch City Council on a review of dangerous and insanitary buildings
- Tax Working Group on its interim report on the Future of Tax
- Governance and Administration Select Committee on the Canterbury Earthquakes Insurance Tribunal Bill
- Transport and Infrastructure Select Committee on the Building Amendment Bill
- Christchurch and Wellington City Councils on reviews of earthquake-prone buildings in relation to high traffic areas and routes of strategic importance
- Ministry of Civil Defence & Emergency Management on the proposed National Disaster Resilience Strategy
- Governance and Administration Select Committee on the Fire and Emergency New Zealand (Levy) Amendment Bill

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

Discussions were also had with the

- Department of Internal Affairs and FENZ on implementing the revised FENZ levy
- Financial Advice Code Working Group on the draft Code of Professional Conduct for Financial Advice Services
- Treasury on the regulation of the insurance sector

- RBNZ on prudential regulation of insurers
- MBIE on building liability and insurance
- MBIE stakeholder group to improve building code compliance
- MBIE and Standards New Zealand on NZS 8510: Testing and decontamination of methamphetamine-contaminated properties.

Canterbury earthquake-related matters

- Collected and published progress statistics on a quarterly basis
- Assisted MBIE with statistics for Ministerial reporting
- Promoted to Government a potential close out agreement for Canterbury claims

Kaikōura earthquake-related matters

- Collected and published progress statistics.
- Attended the EQC Steering Group meetings along with insurers.
- Facilitated insurers' responses on queries from DPMC and MBIE on settlement rates, temporary accommodation needs and other customer related issues.
- Participated in internal EQC reviews on issues around the response to the Kaikōura earthquakes
- Participated in the EQC/PWC review meetings on the earthquake response and future agency model.

Disaster response

- Attended public meetings and liaison with local councils to facilitate recovery efforts in Kaikōura, Rotorua, West Coast, Franz Josef, Kaiāua, Thames and Tasman.
- Developed with EQC an agreed protocol for land clean up beneath dwellings following the flood.

Presentations

Council staff made presentations on

- Conferenz conference on floods, coastal erosion and landslips
- The Pacific Climate Change conference on risks, hazards and responses
- Local Government New Zealand regional and provincial Mayors forum on coastal properties and climate change risks
- Public meeting in Thames on climate change impacts and insurance
- Society of Local Government Managers on climate change impacts and insurance
- Forest Owners Association conference on climate change and insurance
- Property Council of New Zealand's annual conference on risk and insurance
- Wellington Regional Council on climate change and insurance
- Wellington City Council and its consultation with Makara residents about the insurance implications of climate change
- Wellington brown bag resilience series presentation on property insurance and insurers changing risk appetite
- Association of Building Compliance annual conference on keeping your building insurable, focusing on seismic and fire protection
- Local Government climate change symposium
- Resource Management Law Association Conference on insurance challenges in the coastal hazard space
- Australia-New Zealand Climate Change Business Conference
- Smart and Resilient Cities conference
- Great Wellington Regional Council flood freeboard group on insurance and climate change
- Marine workshop on autonomous ships and recent casualties

- Property Council webinars on insurance considerations for commercial property owners and for landlords of residential property
- Rotorua Citizens Advice Bureau on an introduction to general insurance

Committee activities

Commercial Property Committee

- Facilitated a workshop jointly with the Association of Building Compliance (ABC) on the topic of Passive Fire Compliance that highlighted concerns that passive fire protection is not being done well. The workshop was held in Auckland with 160 people attending. The outcome of the workshop resulted in the ABC, The Fire Protection Association and the Insurance Council lobbying MBIE for the development of a passive fire licence class.
- Developed a Risk Bulletin for building owners on the types of composite cladding that may cause concern for insurers and what building owners should do to identify combustible cladding types.
- Represented insurers on the Fire Sprinkler Standard NZS4541 review committee.
- Facilitated the insurer Alpine Fault 8 workshop where science presenters from Otago, Canterbury, Victoria and Auckland universities along with RMS outlined the risks of a future alpine fault event affecting the built environment and what it could mean for insurer loss exposure.

Communications and Public Education Committee

- Monitored reputation and media issues across the industry.
- Developed a Fair Insurance Code logo and guidelines for the industry.
- Awarded the Massey University-ICNZ prize for business journalism to the top student in the Journalism School.

- Developed two videos with Banqer aimed at youth: What is insurance? and Manage your risk.
- Promoted teacher and student resources to support four Personal Financial Management Unit Standards at NCEA Levels 2 and 3.
- Hosted a Money Week event for West Auckland Pasifika schools with partners Banqer and Young Enterprise to launch the new motor module of the Banqer programme.
- Partnered with FinCap to deliver a 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.
- Acted as a key reference point for ANZIIF in New Zealand, including supporting and having input into education, conferences and research initiatives.
- Developed a submission to Government on proposed employment law changes.

Finance Committee

- Managed the collection of ICNZ members' quarterly statistics.
- Reviewed the ICNZ Liability statistics section and changed the way they will be collected and reported in future to reflect the market product classes.
- Held a workshop for industry staff involved in the preparation of the ICNZ statistics collected by Melville Jessup Weaver, to review common problem areas and definitions.
- Hosted PWC at the Standing Committee meeting for a discussion on the latest tax issues affecting the industry and an outline of the Australian Royal Commission on the misconduct in the banking and financial sector implications for the New Zealand market.

- Developed a template for collecting information on regulatory costs from members to assist with submissions and discussions with Government.
- Hosted Quanton, a New Zealand firm specialising in Robotic Process Automation (RPA), who discussed the potential for RPA to improve efficiencies in the industry.
- Hosted the New Zealand Society of Actuaries for joint discussions on IFRS 16, IFRS 17 and solvency and capital issues.
- Provided input to RBNZ on key issues on IFRS 16: Leases to assist the Bank in finalising the solvency treatment of the Standard when it comes into operation on 1 January 2019.
- Supported a call by Insurance Europe for a two-year delay in the implementation of IFRS 17, with the main issues for NZ insurers being the lack of IT resources for the project and the complexity of issues around measurement of income.
- Held a training session in conjunction with CPA on Reinsurance, presented by Gen Re.

Liability Committee

- Revised how members report liability statistics to more accurately reflect the different lines of liability cover.
- Hosted the Privacy Commissioner at a meeting to learn more about the privacy law and the privacy reform which is currently underway.
- Provided oversight and input to the Cyber Risks Subcommittee and cyber-related issues.

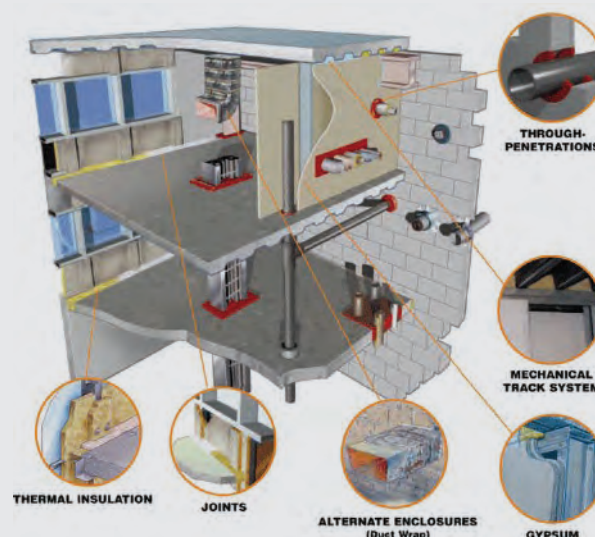
Marine Committee

- Updated the Marine Large Loss statistics for New Zealand.
- Provided technical advice on the Insurance Contract Law review about the importance of retaining parts of the Marine Insurance Act 1908.
- Provided advice on levy calculations on inland transit policies to the FENZ Working Group.

Fire risks

Combustible cladding and passive fire non-compliance in commercial buildings and high rise apartments is of growing concern to insurers – both for new builds and ongoing maintenance. ICNZ has developed guidance on how to identify aluminium composite panel (ACP) cladding and what insurer requirements are, as they may exceed Building Code requirements. You can find the guidance on our website.

In 2018, ICNZ also brought all parts of the building system together for a 1 day seminar to decide what needs to be done to make commercial buildings more resilient from passive fire. As a result, ICNZ is now lobbying government for passive fire installers to be licensed under the Building Act.



Common examples of passive fire protection. Courtesy of Specified Technologies Inc.

- Attended and supported the New Zealand branch of the Maritime Law Association of New Zealand & Australia annual conference.
- Partnered on a joint ICNZ/IBANZ Marine Workshop.
- Represented insurers on Maritime New Zealand's Safer Boating forum.

Motor Committee

- Monitored the vehicle rental credit hire High Court case in 2018.
- Participated in the ICNZ/Banqer 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 costs provided by the Automobile Association.
- Supported a number of NZTA Rule updates in 2018 for heavy fleets to improve safety and productivity.

Personal Lines Committee

- Reviewed and made recommendations on the ICNZ submission on the Residential Tenancies Bill.

- Hosted Ivan Iafeta from Regeneration Christchurch who presented on proposals for future use of land in the Red Zone and sought insurer views on the potential insurability of proposals.
- Held discussions with Whakatane District Council on proposals to change the district plan to remove the existing use rights for some properties in Matata where there is high risk to life, so the Council could get an understanding of the insurance implications.
- Attended a workshop with NZ Police Victims of Crime Life Events to provide an insurance perspective on proposals for NZ Police responses.
- Hosted a presentation from ABS Piers on a new engineering proposal for building dwellings with base isolation systems to protect foundations from earthquake damage.
- Completed a review of the Police/ Insurance Industry MOU which sets out the relationship between the parties and how they will work together on the identified tasks and outcomes.



Improving financial capability

Insurance Day was held during Money Week with partners Young Enterprise and Banqer. Pasifika students from four West Auckland intermediate schools used the new Banqer motor module where they bought and sold cars and looked at the risks and consequences when accidents happened.

- Provided information on the insurance issues from a proposal and presentation on prefabricated, earthquake resilient homes which can be erected in thirty-five days.
- Hosted EQC to discuss information about EQCover and other issues that insurers often have difficulty understanding with EQC's approach to claims.
- Invited Steel and Tube to address members on the implications of their recent Commerce Commission fine for not testing their steel mesh correctly so that insurers could understand the potential insurance implications of this.

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

- Worked with Colmar Brunton to conduct market research into the travel insurance industry and trends.
- Finalised the communications process for responding to situations where a number of New Zealanders are involved in or affected by a travel-related incident.

Working group activities

Disputes Tribunal Working Group

- Discussed general issues affecting the efficient interface with insurers and the Disputes Tribunal (DT).
- Updated the Insurer DT User Guide following the changes brought about by the passing of the Tribunals Powers and Procedures Legislation Act 2018.

Fire Service Levy Focus Working Group

- Developed a workable position on the FENZ Levy Regulations with both DIA officials & FENZ staff.
- Developed the ICNZ submission on the FENZ Levy Amendment Bill that will see the levy collection system change being delayed to July 2021. This will give all stakeholders including insurers more time to change their systems and train staff.
- Started the development of the FENZ Levy Compliance Guidelines.

Motor Assessor Technical Working Group

- Lobbied the NZTA, with support from the Collision Repair Association, the Motor Trade Association and the Repair Certifiers Association, for the review of the outdated 1998 Repair Rule to allow technical codes of practice for safe repair of vehicle structures and safety systems to become part of the Government sanctioned repair rule regime for light vehicles.
- Engaged with a major car glass supplier to understand what was "best practice" for the recalibration of the advanced driver safety systems (ADAS). This engagement will likely result in the car glass industry developing a code of practice for windscreen replacements and ADAS recalibrations.

Insurance Claims Register (ICR)

- Implemented several upgrades to the ICR, including search algorithms and functionality.
- Increased membership with Ando joining as a licensee member.
- Provided consistently reliable service with no operational outages reported during the year.
- Developed the concept and gained approval for the Insurance Fraud Bureau (NZ) to be implemented in 2019.

Industry Statistics to 30 September 2018

All Business

Year-end	2014	2015	2016	2017	2018
Gross Written Premium	5,258,213,477	5,260,803,452	5,345,220,235	5,727,157,999	6,320,894,581
Net Written Premium	4,018,404,458	3,880,463,935	3,425,022,923	3,975,655,149	4,273,100,623
Net Earned Premium	3,912,441,162	3,895,768,305	3,366,482,641	3,784,224,340	4,049,633,966
Net Claims Incurred	2,350,393,425	2,546,016,620	1,968,592,517	2,710,849,427	2,412,636,982
Loss Ratio %	60.07%	65.35%	58.48%	71.64%	59.58%
Business Costs (Staff etc)	1,315,241,975	1,367,165,689	1,186,539,400	1,236,198,791	1,242,779,943
Combined Ratio %	93.69%	100.45%	93.72%	104.30%	90.27%

Commercial Material Damage and Business Interruption

Year-end	2014	2015	2016	2017	2018
Gross Written Premium	684,399,324	687,192,670	680,630,993	720,886,662	821,348,477
Net Written Premium	369,583,445	346,431,648	357,611,986	375,638,036	439,060,052
Net Earned Premium	358,734,362	369,677,595	360,357,963	365,001,083	392,999,915
Net Claims Incurred	227,168,439	208,771,487	243,994,226	266,340,393	279,983,629
Loss Ratio %	63.32%	56.47%	67.71%	72.97%	71.24%

Domestic Buildings and Contents

Year-end	2014	2015	2016	2017	2018
Gross Written Premium	1,477,326,975	1,522,053,535	1,560,818,092	1,653,980,584	1,785,251,411
Net Written Premium	1,219,945,738	1,210,698,365	1,149,372,792	1,248,972,005	1,254,418,489
Net Earned Premium	1,168,935,364	1,186,680,158	1,129,099,427	1,201,103,163	1,208,555,478
Net Claims Incurred	609,645,684	634,005,780	624,059,237	716,800,290	703,854,646
Loss Ratio %	52.15%	53.43%	55.27%	59.68%	58.24%

Motor Commercial and Private

Year-end	2014	2015	2016	2017	2018
Gross Written Premium	1,509,389,417	1,564,349,422	1,644,119,117	1,833,142,184	2,089,081,449
Net Written Premium	1,487,114,169	1,477,793,120	1,422,592,371	1,568,885,993	1,664,815,382
Net Earned Premium	1,441,718,227	1,444,274,566	1,377,217,656	1,475,665,889	1,564,914,747
Net Claims Incurred	951,461,076	1,003,957,760	1,023,576,910	1,132,804,218	1,139,574,076
Loss Ratio %	65.99%	69.51%	74.32%	76.77%	72.82%

Marine Hull and Cargo

Year-end	2014	2015	2016	2017	2018
Gross Written Premium	140,528,421	137,394,192	126,516,762	134,650,106	136,255,756
Net Written Premium	116,508,142	107,813,364	93,028,019	101,443,977	97,977,744
Net Earned Premium	118,685,913	108,805,543	92,816,802	99,540,458	98,062,171
Net Claims Incurred	56,416,386	54,977,363	62,428,514	59,343,187	62,979,376
Loss Ratio %	47.53%	50.53%	67.26%	59.62%	64.22%

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

Year-end	2014	2015	2016	2017	2018
Gross Written Premium	457,406,090	468,311,462	481,262,837	521,877,213	553,667,536
Net Written Premium	345,109,879	338,478,576	330,448,687	358,875,086	366,211,203
Net Earned Premium	329,383,275	339,225,156	320,109,298	343,539,963	356,371,538
Net Claims Incurred	101,971,756	78,081,999	112,861,384	100,322,242	114,795,055
Loss Ratio %	30.96%	23.02%	35.26%	29.20%	32.21%

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

Year-end	2014	2015	2016	2017	2018
Gross Written Premium	642,638,358	560,528,347	513,288,251	554,701,233	621,395,116
Net Written Premium	263,734,316	226,368,484	-81,596,028	177,202,600	287,214,134
Net Earned Premium	268,276,192	261,986,321	-73,258,527	157,686,791	275,669,622
Net Claims Incurred	291,746,108	457,937,219	-204,420,440	363,309,158	40,281,584
Loss Ratio %	108.75%	174.79%	279.04%	230.40%	14.61%

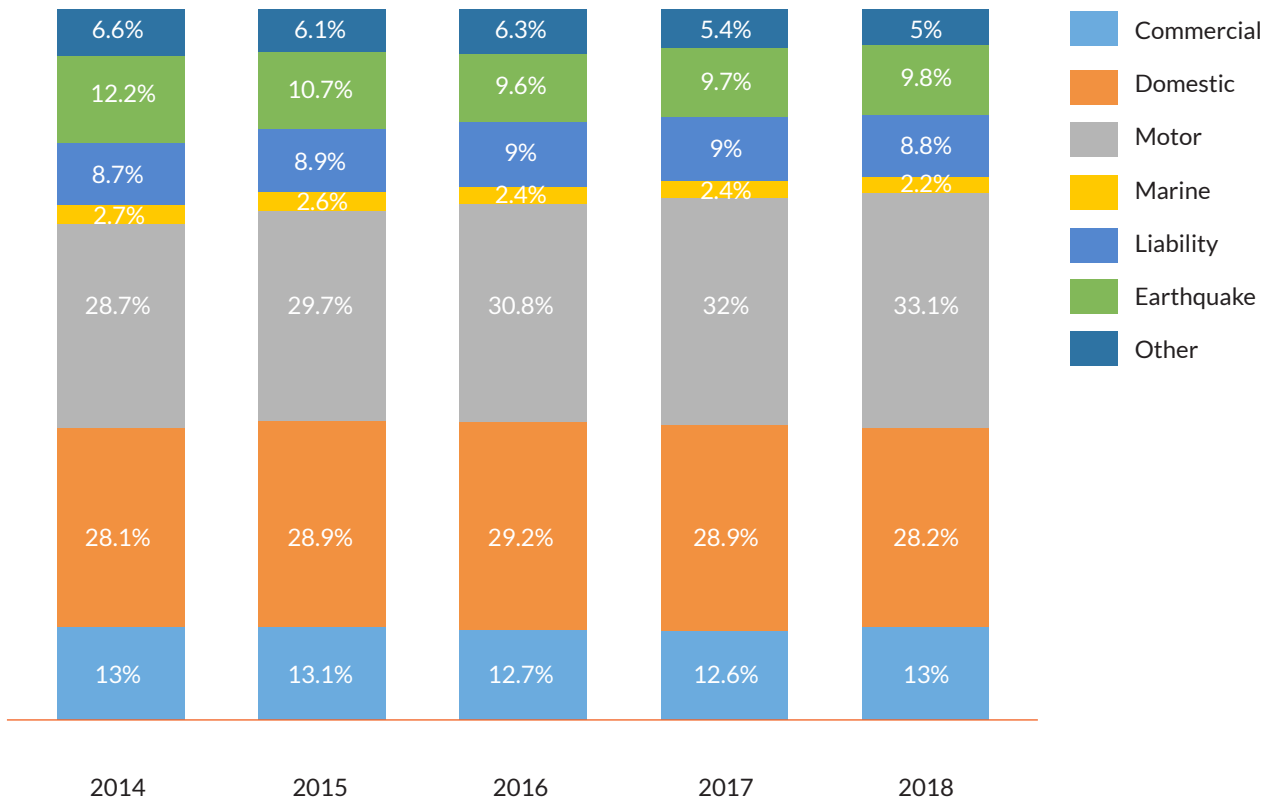
Other Personal Accident, Travel, Livestock and Other

Year-end	2014	2015	2016	2017	2018
Gross Written Premium	346,524,892	320,973,824	338,584,183	307,920,017	313,894,836
Net Written Premium	216,408,769	172,880,378	153,565,096	144,637,452	163,403,619
Net Earned Premium	226,707,829	185,118,966	160,140,022	141,686,993	153,060,495
Net Claims Incurred	111,983,976	108,285,012	106,092,686	71,929,939	71,168,616
Loss Ratio %	49.40%	58.49%	66.25%	50.77%	46.50%

Gross Written Premiums of Business Classes

Year-end	2014	2015	2016	2017	2018
Commercial	684,399,324	687,192,670	680,630,993	720,886,662	821,348,477
Domestic	1,477,326,975	1,522,053,535	1,560,818,092	1,653,980,584	1,785,251,411
Motor	1,509,389,417	1,564,349,422	1,644,119,117	1,833,142,184	2,089,081,449
Marine	140,528,421	137,394,192	126,516,762	134,650,106	136,255,756
Liability	457,406,090	468,311,462	481,262,837	521,877,213	553,667,536
Earthquake	642,638,358	560,528,347	513,288,251	554,701,233	621,395,116
Other	346,524,892	320,973,824	338,584,183	307,920,017	313,894,836
Total	5,258,213,477	5,260,803,452	5,345,220,235	5,727,157,999	6,320,894,581

Gross Written Premiums of Business Classes by Percentage year ended 30 September 2018



President

Martin Stokes
MAS

Vice President

Paul Smeaton
Vero

Board

Chris Black
FMG

Andrew Brooks
Chubb

Chris Curtin
AA Insurance

Bill Donovan
QBE (to March)

Andrew Flitcroft
Gen Re (from March)

Marc Guppy
Allianz

Richard Harding
Tower

John Lyon
Hollard (from March)

Craig Olsen
IAG

Mat Spears
Munich Re (to January)

Standing Committees 2018

Commercial Property Committee

Deborah Angjelinovic	Munich Re (to August)
Malcolm Beaton	Berkley Re
Matt Carkeek	MAS
Brett Clark	AIG
Jonathan Cleland	FMG
Kim Collins	Guy Carpenter
David Crawford	Allianz (to September)
Marc Guppy	Allianz (from September)
Graeme Lynskey	Hollard
Graham Martin	Vero
David Moffat	Chubb
Raj Parikh	New India Assurance
Gavin Peart	Munich Re (from August)
Wendy Perry	Zurich
Richard Rolston	QBE
John Stubbs	Gen Re
Bryan Tedford (Chair)	IAG
John Whitta	Tower

Communications & Public Education Committee

Mike Davy	MAS
Glyn Jones	IAG
Amelia Macandrew	AA Insurance
Nicholas Meseldzija	Tower
Shannon Morrison	AIG
Bridget Nicol	QBE
Tony Reid	Vero
Allison Way	Youi
Colin Wright (Chair)	FMG

Employment and Education Committee

Sonya Cornwall	IAG
Catherine Dixon	Vero (to July)
Jenny Erasmus	AIG
Nikki Howell (Chair)	AA Insurance

Sarah Latch	Zurich
Natalie Lombe	FMG
Rachel McKay	Tower
Ross McMillan	MAS
Suzannah Rhoda	Chubb
Lisa Rodgers	Vero (from July)
Antonella Roodt	QBE

Finance Committee

Scott Barkman (Chair)	IAG
Herman Beukes	Gen Re (to May)
Peter Chalkias	Chubb
Martin Chisholm	AA Insurance
Melissa Christison	AIG
Anna Chung	Latitude (from July)
Jeremy Fergusson	Tower
Paul Hammonds	Latitude (to June)
Paul Harvey	Allianz
Matthew Judge	MAS
Dave Kibblewhite	FMG
Terry Lawrence	QBE
Dean McDougall	Vero
Samantha Morgan	Youi
Doris Niyonsaba	Zurich
David Old	Provident
Dean Phillips	Munich Re
Henry Ray	CBL Insurance
Dipti Pavaskar	New India Assurance (from September)
Kudzaishe Tagwirey	Hollard
Scott Unterrheiner	Gen Re (from May)

Liability Committee

Tani Alexander	Berkley Re (from July)
Heather Bailey	Vero Liability
Malcolm Beaton	TokioMarine & Nichido (Fire Insurance)
Brent Burrett	Hollard
Ryan Clark (Chair)	IAG
Emily Craig	Allianz
Mark Downes	Chubb
Max Garratt	Willis Tower Watson

Nicky Hughes	FMG
Nicholas Murphy	Gen Re
Philip Murphy	QBE
Raj Parikh	New India Assurance
Jade Wahlen	Guy Carpenter
Brett Wainhouse	Zurich
John Whitta	Tower
Simone Williams	Munich Re
Katie Young	AIG (to March)

Marine Committee

Keith Auld	Munich Re
Karl Baylis	Tower
Brent Burrett	Hollard
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 (from November)
Carrie Schuster	Zurich (to August)
Henry Wallace	Allianz (to September)

Motor Committee

Rodney Brown	Provident
Ian Dearmum	Willis Re
Tom Duke	Tower
Greg Evans	FMG (from June)
Gaye Fowler	Zurich
James Gerrie	MAS
Michael Hookham	Vero
Graeme Lynskey	Hollard
Neil McClymont	FMG (to April)
Matt McEneaney	Zurich
Rick Miranda	Youi
Andrew Roy	Allianz
Daryl Roycroft	AA Insurance
Ian Taylor (Chair)	IAG
Venkat Sridhara	New India Assurance
Jade Whalen	Guy Carpenter

Personal Lines Committee

Phil Clark	MAS
Richard Godman	Vero
Michelle Le Long	Youi
Kim Meyer	AA Insurance
Ronald Mudaliar	Tower
Bernie Niehaus	CBL Insurance
Daniel Thompson	Hollard
Rebekah Tregonning (Chair)	IAG
Sophie Howard	Chubb
Sandra Wong	FMG
Jacquelyn Wilson	AIG
Jade Wahlen	Guy Carpenter
Ian Dearmun	Willis Re

Regulatory Committee

Paul Barton	MAS
Michael Burrowes	Cigna
Robyn Cory-Wright	Tower
Lisa Connolly	Gen Re (to April)
Bryce Davies (Chair)	IAG
Donna Everett	AA Insurance
Scott Galloway	Lloyd's
David Hall	Hollard
Roslynd Lee	Allianz
Michelle Le Long	Youi
Nilanchal Mishra	New India Assurance
Lisa Murray	FMG
Olivia Neubauer	QBE
Dean Phillips	Munich Re
Juliette Rockel	Chubb
Richard Shine (Chair)	AIG
Andrew Smith	Guy Carpenter (from May)
Joaquim Smith	Tokio Marine
Mike Stallworthy	Gen Re (from May)
Chris Taylor	Vero
Tony Wang	Willis Re (from April)

Travel Insurance Committee

Mathew Abbott	AIG
Will Ashcroft	Allianz Partners/Allianz
Karl Baylis	Tower
Karl Dixon (Chair)	Zurich/Covermore
Alison Manning	Cigna
Lyn Mitchell	Tokio Marine
Lina Petro	Latitude (to May)
Craig Morrison	Hollard/Holiday Rescue
Richard Warburton	Lloyd's/1Cover

2018 Members

AA Insurance
 AIG
 Allianz
 Berkley Re
 CBL Insurance (to July)
 Chubb
 Cigna
 FMG
 General Re
 Guy Carpenter
 The Hollard Insurance Company
 IAG (AMI, State, NZI, Lumley)
 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
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 Willis Re
 Youi
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