

■ EARTHQUAKE RECOVERY

Broker sees pain as cover comes to end

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An award-winning Christchurch insurance broker predicts pain for people whose insurance cover ends next February.

Greg Greenwood, a broker for Rothbury who was this week named New Zealand broker of the year by the Insurance Brokers Association, said many businesses, building owners and domestic customers would no longer receive insurance payments after February 22 next year when their policies expired.

Most business owners with business-interruption insurance had 12-month policies and domestic customers would lose insurance for rent.

"There are going to be businesses out there and mums and dads that are going to be severely affected.

"Unfortunately, I don't have an answer. I don't know if the Government is going to step in again, but it is definitely happening. I can really see some hardship coming with this."

While he expected to see an increase in job losses, bankruptcies, mortgage sales and liquidations, businesses in Canterbury had been resilient even if they had lost a "flash office" or a big factory.

"They are trading and it might not be as bad as people think," he said.

He had seen no evidence of new insurance players entering the Christchurch market attracted by

the higher premiums they could now charge.

However, Lloyds, an existing provider, was taking on more business on a case-by-case basis.

Insurance premiums in Canterbury, which had been very cheap, were coming into line with market rates, he said.

Insurance companies had not relaxed their criteria for domestic customers and were mainly looking after existing customers.

"I don't know when they will start to move," Greenwood said.

Higher excesses were in line with what Wellington businesses had paid for years.

Big excesses would impact on cashflow if another disaster occurred and they would continue to be introduced across New Zealand.

"Everyone is grappling with it. Insurers have to be seen to be prudent. If they get it wrong in Canterbury it will impact on the rest of their New Zealand business."

Insurance was becoming expensive, but he doubted there would be a big increase in uninsured assets. Most businesses wanted to insure for a big event, Greenwood said.

Some insurers were doing a good job in a lot of areas, and there had been some really good settlements and happy clients.

IBANZ made a special award to NZI's claims team for "an outstanding performance in response to the Canterbury earthquakes".

The insurer was also named Insurer of the Year.



Rising: Broker of the year Greg Greenwood says insurance premiums in Canterbury are coming into line with market rates.
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