

FullCover

Rothbury

WELCOME TO FULLCOVER WHERE ROTHBURY KEEPS YOU INFORMED ABOUT WHAT IS HAPPENING IN OUR WORLD AND HIGHLIGHTS THE KEY ISSUES INVOLVED IN PROTECTING YOU AND YOUR BUSINESS

DECEMBER 2011

News and views from Rothbury's world Otago Region

A WORD FROM PETER

"As World Cup fever took over Otago, it was great to see the community in festival spirit and passion for the tournament. The All Blacks win was just fantastic even though it was a nail-biting finish. Plus it's been a boost to the region with more tourists visiting," says Peter McAuliffe, Rothbury Otago Branch Manager.

On a more serious note Peter has seen how the Canterbury earthquakes have affected Otago. Peter's seen the increases in all earthquake insurance costs and excesses in the region, with older buildings being most effected. "For building owners and tenants alike, this is something to be aware of if you're looking at purchasing property or moving premises. Costs from previous years will not be relevant in the future."

"Unfortunately earthquake insurance costs are rising, but Rothbury Otago can help you understand how the changes to levies and excesses will impact on your insurance costs and coverage. If you have any concerns, we're here to help."

PETER MCAULIFFE,
OTAGO BRANCH MANAGER



A tale of one city

While Christchurch continues to pick up the pieces so does Rothbury

IT'S BEEN A ROUGH RIDE FOR THE CANTERBURY REGION AFTER THE TWO MAJOR EARTHQUAKES. ON TOP OF THIS PEOPLE ARE CONTINUALLY BEING RATTLED BY THE HUNDREDS OF SMALLER QUAKES THAT GIVE RESIDENTS SLEEPLESS NIGHTS AND KEEP THEM ON THE EDGE.

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A tale of one city continued

→ The Canterbury Rothbury team is no exception but come daytime it's back to the business of helping clients with their claims and, more important, their desire to get on with their lives.

Canterbury Branch Manager Stuart Barr says that everyone is doing their best to move Heaven even though the earth is still shaking. The sheer scale of the task, however, has inevitably produced some frustrations.

"While the 7.1 Richter scale quake was the headline maker, we have had over 8,000 ongoing seismic shocks. Some of these have been around 5 on the scale, and some slightly lower, and these tremors are continuing to cause disruptions and setbacks. These are the fundamental issues that we have to contend with."



Like many of our clients, the offices of the Canterbury branch have been relocated out of the CBD and into an area where existing damage and continued shaking will be less likely to disrupt operations.

The new base is not as convenient as before, but having a place to call home has, says Stuart, helped with making progress and morale.

"Having a stable place to work has meant we've been able to work through claims. In the last rolling 12 months we've had over 2,235 lodged with dollar amount on these being the best part of \$112.5 million. In the

same period we've been able to close 900 representing nearly \$25 million with that figure still rising."

That closure rate is low given the amount of time that has transpired but, says Stuart, there are clear reasons why.

"Insurers have pretty much closed shop for new business focused on Material Damage and Business Interruption cover. This leaves very few classes left for us to develop. These are unique times, which limit what can be achieved. Plus, there are participants in this event which have not been in play before and we've had to factor in their involvement. These include overseas re-insurers, CERA, the multitude of loss adjusters and the EQC."

In major disasters, tender mercies make a difference. The city's Super 15 and ITM rugby achievements are two that inspired Stuart. The support he and the Christchurch Rothbury team have received from the national network has also been inspiring.

"Our branch will be eternally grateful that we've maintained our high client service standards. We could not possibly have handled the work load without the support and assistance of our national network. But we do acknowledge there is still a long way to go.

We'd like to thank our clients for their tolerance in accepting some of the delays which are happening. Our job is to remain positive and optimistic that the next 12 months will be significantly brighter and more positive than the last. Once the rebuild gets fully underway, and it becomes more like business as usual, then life in this great city will return to being more normal."



ABOVE: STUART BARR.

RIGHT: CHRISTCHURCH CATHEDRAL MINUS ITS ICONIC STEEPLE HAS BEEN DECONSECRATED TO ALLOW PARTIAL DEMOLITION BEFORE IT CAN BE REBUILT.

Taking shape – what the new look Christchurch has in store

THE CONSULTATION PROCESS STILL CONTINUES WITH COMMUNITY COMMENTARY AND OPINION IN THE FOREFRONT OF THE NEWS, SO THE FINAL DETAILS HAVE YET TO EMERGE.

Nevertheless, the Christchurch City Council's 151 page blue print for the re-design and re-development of the Garden City has produced some evidence of the shape of things to come.

Some of the recommendations that have been highlighted include:

- New lower building heights for the Central City.
- Public spaces that create an identity for Christchurch, different from that of other large centres in New Zealand.
- While a few tall buildings will remain, and will need to be integrated into the redeveloped city, the majority of the remaining buildings in the Central City will be lower rise.
- Construction of an earthquake centre plus the development of special monuments and spaces to remember the earthquakes and their victims.
- Encouraging people to come into the city by creating areas that are shared by pedestrians, cars and retail, so the centre is not all about traffic.

Those wanting a more detailed taste and vision of the emerging city should visit www.centralcityplan.org.nz

BELOW: INDICATIVE IMAGE OF THE AVON RIVER/ŌTAKARO
CREDIT: CHRISTCHURCH CITY COUNCIL



Insurance matters

Is your jewellery underinsured?

The price of gold and other precious metals continues to soar. Recently an ounce of gold skyrocketed past \$US1,900 an ounce, rising \$US60 in one day's trading. This year alone the value of gold has increased by 28%.

As world economic conditions continue to be dominated by uncertainty, people are investing more into items of intrinsic value. With that in mind, the value of your jewellery could have risen dramatically. This means that if you haven't had a recent valuation done, should the unexpected happen and you and your precious possessions part company, you may be out of pocket when it comes to insurance.

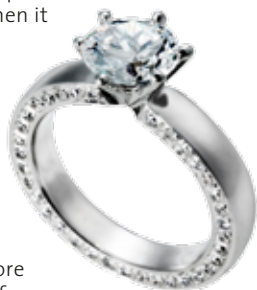
So...we recommend you get jewellery professionally valued. If you think that the insured value needs to be changed, please let us know.

The Burden of Proof

You may have noticed, or heard, that insurance companies are becoming more and more diligent in asking for proof of ownership or purchase.

When making a claim to their insurer, many consumers are surprised to learn that they have to prove their loss by satisfying the insurer regarding ownership of items – be they lost, stolen or damaged. This is to protect the insurer from possible misrepresentation.

Spending time reading the fine print of a policy – or clarifying matters clearly with your advisor – can be worth it.



Comments from the Insurance Ombudsman are worth considering:

- Each insurer's policy document sets out what to do when a claim is made, including providing any information and documentation required by the insurer.
- Having said that, the policy does not specifically set out what will be required in support of the claim, because this will vary depending on the nature of the claim.
- It is reasonable to expect some proof of purchase, or ownership of items, which were purchased a few months before the loss. On the other hand, in most cases it is unrealistic to expect proof for items which were purchased many years before the loss.
- That being the case, many items are now purchased by credit card and this provides a good record of transactions, even when receipts are not retained. Such evidence can be provided in support of a claim.
- For gifted items and all other valuable household goods and personal effects, keep an up-to-date photographic record. However, be aware that, while photographic evidence may prove that certain items existed, it does not usually provide conclusive proof of ownership.
- If you have jewellery that's worth something to you, get it professionally valued because photos are not enough evidence to prove its value.



The insurance landscape will never be the same

THE CHRISTCHURCH EARTHQUAKES HAVE CHANGED MANY LIVES, SECTORS, BUSINESSES AND PRACTICES.

One that has clearly been shaken to its core is the insurance industry for a whole host of reasons and in a whole host of ways.

Many of you will be well aware of some of the bigger decisions and implications but in a nutshell:

- **AMI** continues to be a point of concern in terms of the level of commitment the Government – and therefore the New Zealand taxpayer – will have to contend with.
- **Western Pacific** went into liquidation in April 2011.
- **ANSVAR** is changing its underwriting approach – meaning that they've withdrawn from providing earthquake cover after November 30. Renewal of personal lines cover will not be offered beyond 30 November. With a rating downgrade from A- to B++ there must be some concerns over and above contending with earthquake fall out.
- **Zurich** – from our understanding it appears this major global reinsurance company will be dividing New Zealand into three sectors. It would seem that areas from the Waikato north will still benefit from earthquake cover but the rest of the nation, particularly the Christchurch area, will NOT see business as usual.
- **Vero/NZI/Lumley/QBE** – changes continue to be regularly announced.

If you have any concerns about how changes to underwriting rules affect you and your insurance, please talk to your Rothbury Broker.

Earthquake levy increase to hit homeowners

THE GOVERNMENT RECENTLY ANNOUNCED INCREASES TO EARTHQUAKE COMMISSION LEVIES, MEANING THAT HOMEOWNERS WILL PAY \$207 PER YEAR, TRIPLE THE CURRENT LEVY.

As part of home and contents insurance homeowners pay the levy, which is rising from \$69 to \$207 for most. This will come into effect in February 2012, and will be applied on policy renewal.

According to the Finance Minister, Bill English, the levy increase is to help the commission's running costs, pay for claims from the Canterbury earthquakes and re-build the Natural Disaster fund, that's been cleaned out by the disasters.

Feedback

WE HOPE YOU ENJOYED THIS ISSUE. PLEASE TELL US WHAT YOU WOULD LIKE TO READ MORE ABOUT IN FULLCOVER.

Email: claire.lysaght@rothbury.co.nz with your suggestions.

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