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## Allied Insurance Group

Welcome to the latest edition of our client newsletter from the Allied Insurance Group. We are a co-operative of 28 independently owned insurance brokers operating throughout New Zealand. Because of our combined strength we are able to secure for our clients competitive terms and conditions.

We are getting through winter without the severe storms of recent years and this certainly helps our industry achieve some stability. While the All Whites achievement is becoming a part of the memory, it is still a memory like that of 1982, we can all be proud of and can now look forward to a better appetite of international football as we prepare for 2014.

Our industry is watching closely developments with ACC and the opening up to competition of the workers account. This would obviously provide some real benefits not only to employers but also employees.

We trust you will find this newsletter interesting and if you have any comments your Broker would be pleased to hear these from you.

### PURCHASING INSURANCE?

A 2009 EMA survey revealed the insurance preferences of New Zealand employers and manufacturers when protecting their business. Over 8,000 active EMA members from the northern region (north of Taupo) received the survey which investigated their behaviour when purchasing insurance.

Two thirds of survey respondents look for financial stability, customer service standards and claims paying reputation when making their choice of Insurer. Certainty and reliability are more important than price or convenience, especially in uncertain economic times.

When purchasing commercial insurance, the vast majority of respondents prefer to go through a broker, agent or advisor, with only 15% opting to purchase direct from an Insurer. The knowledge and advice offered by an intermediary helps the business owner to find the best insurance solution for their business and allows their valuable time to be spent running the business instead.

The most common types of insurance purchased by New Zealand employers are public/products liability insurance, material damage insurance and business interruption and a surprising 40% of respondents consider it important to have all their insurance policies with one company.

Most of the survey respondents have contact with their insurance representative contacts up to three times a year, which is in line with their expectations and requirements.

### CHANGES ON THE WAY FOR CONSUMER LAW

Consumer law, some of it more than 80 years old, is in for a shakeup. Consumer Affairs Minister Heather Roy has launched a discussion document which has taken a year to prepare. She wants to develop "strong and relevant" legislation which promotes competition, consumer confidence and a simple "one door" policy for advice and help when transactions go bad. Roy's announcement hasn't had much of a mention in the media but those affected are taking notice. The Food and Grocery Council's Katherine Rich says it's a "significant review and discussion document which provides a genuine opportunity to streamline existing consumer-related laws".

Rich says a range of laws are vital to the sector including the Fair Trading Act, the Weights and Measures Act and the Consumer Guarantees Act. The Direct Selling Association says the need for change has been evident for years because times are changing with catalogue selling and direct response marketing. Association Director Garth Wylie says businesses will need to be more aware of their compliance obligations. Roy wants submissions from consumers and the industry. The document is on [www.consumeraffairs.govt.nz](http://www.consumeraffairs.govt.nz).

Source [www.themainreport.co.nz](http://www.themainreport.co.nz)

### Understanding The Risks: Outside Directorship Positions

If disclosed to and agreed by an Insurer a standard Directors & Officers Policy includes cover for Directors and Officers holding an Outside Position. An Outside Position is where an Insured Person sits on a Board of a Non-Profit Entity or Associated Company or any other entity for which an Insurer agrees to extend cover.

The policy sits in excess of any other insurance cover held by the Outside Entity and any indemnities provided to the Outside Entity.

It is important you understand the risks you are exposed to by having your primary Directors & Officers potentially covering losses for an Insured holding an Outside Position. The Outside Position cover is often misunderstood and therefore in order to assist you we have put together some of the key questions to consider in relation to Outside Positions.

As a Director have you:

1. Confirmed and approved the Outside Positions that are being held?
2. An understanding that holding an Outside Position can lead to a liability arising from the actions of the other Board members of the Outside Entity?
3. Considered and documented the rationale and merits of having a Person sit on the Outside Entity?
4. Reviewed the:
  - Calibre and quality of the other Directors of the Outside Entity?
  - Reviewed the financial position and the business plan of the Outside Entity?
5. Checked if there is primary Directors & Officers insurance in place for the Outside Entity?
6. Put in place risk management procedures to manage:
  - Conflicts of interest that may arise?
  - Protection of shared knowledge?
  - Possible abuses of position?
7. An understanding of
  - How the Outside Position cover will operate in the event of a Claim?
  - If the cover responds to a Claim it will erode your primary cover?
8. Submitted the most recent annual report and financials for the Outside Entity to us for submission through to Insurers.

If you have any questions or require any clarification on this just ask us and if we can't answer you straight away we will find out for you.



### Allied Brokers Achieve Excellence

Education is an important facet in our industry and is encouraged among the Allied Brokers for their staff as it is among the insurance companies as well. Each year the Australian & New Zealand Institute of Finance and Insurance hold an awards dinner to honour the highest achievers of examinations over the prior year.

Allied are delighted to advise that Alex Shmeleva-Gancheva of Paterson & Co is a joint winner in the overall category of the Student of the Year Award.

Brad James of Anchorage Insurance Brokers receives an award in obtaining the highest mark for one of the papers he sat.

Considering there are less than 20 awards covering our entire industry, for our members to receive 2 of these awards, is tremendous and our congratulations go to Alex and Brad.

### Big Six Assists Employers

The Department of Labour has produced a new resource called the Big Six which aims to assist small and medium sized businesses manage employment relations and health and safety.

The Big Six covers areas where employers commonly seek information, and as well as checklists detailing the main things employers need to know. Those areas covered include health and safety, recruiting, pay and performance management.

Businesses with good health and safety management practices encourage staff retention and increase productivity and efficiency. Safe and healthy work environments assist to avoid costly and tragic work accidents.

Also businesses recruiting and hiring new employees, whether full-time, part-time, permanent, casual, or fixed-term employees will find the Big Six a useful resource. It can also help with finding the right person for the job, and providing a base for building a good employment relationship.

All businesses have a core requirement to act in good faith and to follow fair and reasonable processes. Employment relationships that are ended fairly by following a correct process help to avoid costly mistakes. The Department of Labour's "Ending Employment Relationship Guide" takes employers through ways of ending an employment relationship by way of resignation, retirement, restricting and redundancy, and dismissal.

For further information visit [www.dol.govt.nz/big6](http://www.dol.govt.nz/big6)

### Steady Progress On Single Economic Market

Commerce Minister Simon Power says the Australian and New Zealand Governments are slowly making progress on a trans-Tasman single economic market. Power says "reasonable progress" is being made despite changes in Govt on both sides. He says both PM's are engaged in the issue and any blockages at official level are "nothing a phone call couldn't resolve." Power is also in contact with his Australian counterparts regularly.

He says "just because the federal Govt in Australia happens to be Labour and we happen to be National, it actually hasn't made the slightest difference." Relationships were started by New-Zealand's previous Labour Government and National had managed to "easily replicate" it, at least on a policy if not friendship level. The Single Economic Market is making progress. 27 frameworks are in place and deadlines imposed to create specified outcomes. Additional priorities have also been included, including intellectual property.

Disclaimer: The articles featured in this newsletter are not necessarily the opinions of Allied Insurance Group or the Member Brokers and they do not accept responsibility for the contents of the articles. No part of this newsletter may be reproduced without the written permission of the editor.

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