

Welcome to the latest edition of our client newsletter from the Allied Insurance Group. We are a co-operative of 26 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.

Summer is with us, or at least should be with us and winter is almost a distant memory. This last winter was one of the best for Insurers for a number of years. While in some parts of New Zealand we experienced a larger than average rainfall, we didn't have the storms of past years. The Insurers need that good fortune to continue and we may then see some stability in our market.

On a different note our whole year is covered by sport and where we used to have a small break between codes finishing and starting, they now all overlap. But one sport deserves the spotlight and that's soccer. What a fantastic effort by our All Whites to make the World Cup finals. Congratulations to the entire squad and all New Zealand can now look forward to June 2010.

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

EARTHQUAKE DAMAGE

On July 15 an earthquake measuring 7.6 on the Richter Scale took place at 9:22pm in Fiordland's Dusky Sound.

Due to the remote location of the epicentre, damage has been mercifully minor but this should not encourage complacency about the hazard presented by a rupture of the nearby Alpine Fault. It is widely thought that this fault is due to move, possibly generating a series of earthquakes with a combined magnitude of 8.

It is on occasions such as this that attention is drawn to the adequacy of business interruption insurance cover. The material damage component of business insurance is invariably straightforward. And reinstatement cover that includes the peril of earthquake usually provides adequate protection. However it is often the business interruption aspect of the policy where the wheels fall off.

When determining an indemnity period for business interruption, fire is the typical mindset when estimating how long it will take for a business to be fully up and running after a loss. However given the impact that an earthquake has over the greater community, an indemnity period of 12 months is extremely understated.

Before repairs can start, an assessment of damage is necessary and conflict invariably exists with engineers as to the extent of work required. With older buildings in particular, this assessment can range from minor repair work to a building through to the need for it to be effectively condemned. And this assessment could be on the same building! Resources are under pressure and there are only so many engineers, insurance adjusters or builders to go around.

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TREND - ARE THE LAPTOP'S DAYS NUMBERED?

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AN INSECURE LOAD ENTITLES INSURERS TO DECLINE A MOTOR CLAIM.

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HUMOUR



With substantial delays occurring in restoring a town or city after an earthquake has taken place, it is not unusual to see the indemnity period breached with repairs not yet commenced. Customers move to other suppliers with the best intention of this being an interim measure but substantial delays may see these customers lost forever. Permanent loss of customers is not an insurable event but extensions do exist which provide protection for suppliers/customers during the indemnity period. The longer the indemnity period, the more chance a business has to win back customers or gain replacement customers.

An earthquake has a dramatic impact on a community and widespread damage presents several challenges. Damage from Gisborne's 6.5 magnitude earthquake in December 2007 was extensive but exaggerated to an extent by the need to perform additional repairs to older structures to bring them to a modern earthquake strengthening standard. Even with enormous support from the government, communities and businesses are still struggling to recover six months after the Melbourne bush fires. A major earthquake affecting a New Zealand city would produce similar challenges.

Speak to us today to find out about the best options for your business interruption insurance cover.



COMPLETING A CLAIM FORM

The completion of a claim form of some description following loss/damage has been a requirement of insurers since the first insurance policy was issued. Being the very traditional beast insurance is it is likely the design and scope of that original claim form isn't too different to the documents issued by Insurers today.

Ultimately the object is to obtain as much information as possible relating to a set of circumstances that will enable the underwriter and their operatives, like us at MYI, to be able to determine whether a legitimate claim exists under the policy conditions.

A claim form is designed to be completed by the claimant/insured to establish the circumstances surrounding the event that led to the claim occurring. On some occasions people believe that they need to develop a set of circumstances that makes the actual facts of the incident more believable in the misguided belief that the truth will lead to the claim being denied. As demonstrated later in this article the facts that some people write on their claim forms is sometimes so comical it just has to be true!

There are also many urban myths about customers ringing an Insurer's claims department and asking a series of hypothetical questions to illicit a response to ensure their claim is legitimate. Seriously, having worked in a claims department, I can assure you that this hardly ever happens. What I do know is that using the facts and telling the truth is the best way of getting your claim paid. The alternative is to bend the truth or worse still invent a story in the hope of getting a claim paid, quite simply this is fraud.

The consequences if and when the story unravels are very serious and can impact your ability to get insurance in the future. That might not sound a major problem but in real terms it will impact your life in many ways. For instance most banks will insist that you insure their mortgage interest in the home - with a conviction for insurance fraud getting insurance becomes almost an impossibility.

The "Fair Insurance Code" clearly outlines the expectations of both the Insurer and customer and we attach the relevant sections for your consideration;

FAIR INSURANCE CODE

Our responsibilities to you

We will act fairly and openly in all our dealings with you.
This means we will:

- answer your questions accurately
- explain the information you need to give us when you apply for insurance, renew your policy, or make a claim
- explain the importance of giving us information that is complete, up to date, and relevant
- give you or your broker a copy of your policy that sets out in plain English what is insured, what is not insured, and what your obligations are
- tell you about any changes to your policy.

We will give you information about the best policies we can offer you.

You are entitled to ask for and receive help to understand the terms, conditions, and exclusions of your insurance policy.

You are entitled to ask for and receive a copy of the information you gave us when you applied for insurance.

When you make a claim, we will:

- explain how to report your claim
- explain what information you must give us to process your claim
- explain the steps we will take while handling your claim
- tell you that the information you give us must be absolutely accurate and honest
- keep you informed of the progress of your claim
- settle all valid claims quickly and fairly
- clearly explain how we reached our decision
- clearly explain the reason if your claim is declined.

We will treat your information confidentially.

We will train our staff so that they can fulfil our responsibilities to you.

YOUR RESPONSIBILITIES TO US

You need to give us complete, accurate, and relevant information when:

- you apply for insurance
- you renew your policy
- you make a claim
- your circumstances change.

Please ask us for help if you are not sure what information is relevant.

To help us decide whether to insure you and on what terms, you need to tell us any facts that may affect our decision - whether we ask a specific question or not.

If you do not give us these facts, we may refuse to pay your claim or we may even cancel your insurance from the start date of your policy.

Examples of relevant facts about you, your partner, or others insured under your policy, include:

- criminal convictions, subject to the Criminal Records (Clean Slate) Act 2004
- traffic violations
- previous claims, accidents, or history of losses, whether insured or not
- refusal by an insurance company to insure you, or any claims declined by other insurance companies
- any change of drivers, including a change of the 'main driver' of an insured motor vehicle
- non-factory modifications to vehicles or boats
- any change of use of the vehicle or property (eg car now used as a courier vehicle, or home now used as a bed and breakfast)
- bankruptcy
- previous history of flooding.

This list does not include everything that we may need to know. Please ask us for help if you are not sure what information is relevant. Giving us this information does not necessarily mean your application or claim will be declined. You need to read your insurance policy and let us know if there is anything you want explained or corrected.

You need to tell us about any changes to your contact details.

Over the years there have been some very interesting and comical claim forms that have found their way across my desk, I'm sure we will all agree that sometimes the truth is much funnier than a concocted story. I have attached a few that I know of for you to ponder;

"I was driving along the motorway when the Police pulled me over onto the hard shoulder. Unfortunately I was in the middle lane and there was another car in the way"

"Going to work at 7am this morning I drove out of my drive straight into a bus. The bus was 5 minutes early.."

"I was driving along when I saw two kangaroos copulating in the middle of the road causing me to ejaculate through the sun roof."

The claimant had collided with a cow. The questions and answers on the claim form were - Q: What warning was given by you? A: Horn. Q: What warning was given by the other party? A: Moo.

"I pulled away from the side of the road, glanced at my mother-in-law and headed over the embankment."

Being a customer of the Allied Group delivers many advantages to you, one of which is the opportunity to ask questions and get help with your insurance covers and claims when you really need someone that knows what to do next. Although all you have to do is complete the claim form truthfully. Never be afraid to ask questions of your broker, and they know that claim time is when they are expected to deliver on their promise to provide the best possible service to their customers. The Allied Group Brokers, like MYI, look forward to these opportunities to help you as our customer.

Article courtesy of
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Trend - Are The Laptop's Days Numbered?

The next computer you buy may be a phone. More and more sales people and executives working in the field are expected to replace cumbersome laptops with smart phones. This will depend on the devices and the services becoming cheaper, but the trend is well underway. In the US 24% of all mobile phones are expected to be smart by 2011.

Reliable. Smart phones will be more reliable and able to handle a multitude of tasks. They are lighter and their batteries last longer. Businesses are finding more and more uses for iPhones and Blackberries. Some applications allow the phones to be used for powerpoint presentations simply by pointing them at a wall. They are also useful for travelling workers who can use them for a wide range of tasks.

Versatile. Among tasks the new smart-phones can already handle are tracking FedEx shipments, scanning documents, viewing spreadsheets, converting text to speech, recording billable hours and approving travel requests. Blackberries can process credit card transactions, do voice dictation recording and write expense account updates. Retailers are also showing an interest in the phones for m-commerce, with phone only coupons and readable bar codes. In four or five years the mobile phone will replace the land line phone and the computer?

Actual Newspaper Headlines

Teacher Strikes Idle Kids
Squad Helps Dog Bite Victim
Stolen Painting Found By Tree
Miners Refuse to Work After Death
Two Soviet Ships Collide, One Dies
Cold Wave Linked To Temperatures
Red Tape Holds Up New Bridge
War Dims Hope For Peace
Deer Kill 17,000
Eye Drops Off Shelf
Steals Clock, Faces Time
Kids Make Nutritious Snacks
New Vaccine May Contain Rabies
Man Minus Ear Waives Hearing
Officers Taken Off Duty After Death

An Insecure Load Entitles Insurers To Decline A Motor Claim.

On 12th September 2008 a truck and refrigerated trailer unit travelled from Ngauranga Gorge to the Wellington Port Coolstore.

While negotiating the corner around the Westpac Stadium it rolled, writing off both units and damaging the Armco.

The stock of frozen export meat on board was not badly damaged as it was in substantial cardboard boxes and contained in specially designed racks called stillages.

Police of course attended the scene, took details and assisted with the clean up which included getting another truck to the site, manually restacking the stillages then using a forklift to reload the meat onto another refrigerated trailer.

The Carrier's Liability and Marine Transit insurers for the stock promptly settled the claim for recovery and re-packaging of the stock and for damage to the stillages.

The insurers for the truck and trailer, however, indicated that there were problems. Basically, when the Police asked the driver what happened he at some stage indicated that he heard the load move. The Police then issued him with a \$250 infringement notice alleging an insecure load. The driver was an interesting character who disappeared after the accident – he never went back to work and everyone found him hard to contact.

On our side we had witness reports and formal statements from three professional truck drivers who stated that the truck was travelling too fast. One saw the truck entering the corner and estimated that his rear wheels were half a metre off the ground!

Against that, the Police had issued an infringement notice for an insecure load, and the insurers obtained a report from a crash scene investigator. The crash scene investigator's report was crucial, and was used by the insurer to decline the claim. Unfortunately the investigator never visited the site, and never saw the vehicle so made several errors in his calculations and subsequent report. As examples he made roll-over

calculations on a trailer using steel springs and double wheels to the rear. In fact the trailer was of modern design with air bag suspension which inflates to counteract roll, and the unit had a single large wheel each side, not double tyres.

We sought to demonstrate that the method of loading was in fact secure by loading another identical unit and driving it on the same route. The position of the stillages in the trailer was marked in chalk on the floor. The driver, with a representative of the insurer on board then made the trip at 10 kph above the posted speed with absolutely zero movement noted.

The insurer considered the new information, but still declined the claim.

We were forced to approach another crash investigator, Transport Technology Ltd to counter the insurer's comments. Transport Technology Ltd spent considerable time obtaining the correct and full information on the actual insured units by referring back to the manufacturer and Importer. Their calculations of roll stability, coefficient of friction on a stillage on a steel floor quite simply destroyed the insurer's arguments, and would have been a secure platform on which to base any necessary legal argument.

The insurers paid the insured value of the truck and trailer, plus the cost of our report, plus interest on the value of the claim because of the time taken to settle.

Interesting side issues relating to the claim were that normally if the driver does something that would invalidate the policy the Invalidation Clause would come into effect. The clause however, is only effective provided the company is unaware of the driver's action.

In this case a separate company loaded the trailer while the driver looked on. There are, however, joint directorships between the company loading the goods and the company owning the truck. As a result it was held that the trucking company knew how the goods were loaded.

The absolutely critical point to note is that all commercial motor policies have a clause which might be entitled "Overloaded Vehicles". The wording of this clause excludes cover if the vehicle is loaded in excess of the manufacturer's recommended specifications or if loaded or operated contrary to regulations. As the driver had been issued with a "wet bus ticket" infringement notice which he paid to avoid problems this gave the insurer the right to decline the claim.

Article by Alan Jecks, of Alan Jecks Insurance Brokers Ltd – Member of the Allied Insurance Group.

Humour

What's in a Name

There's a man holding a shovel...what is his name?.....DUG

and there's a man who's got no shovel ...what's his name?.....DOUGLAS

what would bob the builder be if he wasnt a builder.....BOB