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Never be afraid to try something new.

Remember, amateurs built the ark,
professionals built the Titanic!”

Changes to the Health & Safety Employment Act continued

- The Act now applies to people working on board aircraft operating within NZ and flights operating outside NZ where the employee's employment contract is covered by NZ Law.
- Additional provisions apply to the participation of employees in health and safety in their work place.
- From 5 May 2003 the definition of harm will also include physical or mental harm caused by work related stress. The meaning of hazard will be amended to include a situation where a person's behaviour may be an actual or potential source of harm resulting from, amongst other things, physical or mental fatigue, drugs, alcohol, traumatic shock or another temporary condition that affects a person's behaviour.
- The Act now includes a section dealing with the specific duties for manufacturers, sellers and hirers of plant. People who hire, lease or loan plant must ascertain if the plant is to be used in a place of work and if so what the intended use will be. The person must take all practicable steps to ensure the plant is designed, made and maintained so that it will be safe for that use. If they install the plant then they must also make sure that it will be safe for its intended use.
- Other changes in brief:
 - Principals must keep an accident register recording accidents to their contractors and will be required to report any accident within 7 days
 - Self employed people must keep a register for accidents to themselves or other people.

Brokernet launches website

We have recently updated our website. You can now download proposal forms and claim forms directly from the site. Our quarterly newsletter will also be posted to the site together with other articles of interest.

Our web address is www.brokernet.co.nz

Source: Tony Paterson
Phillips Fox, Auckland

PUBLIC LIABILITY INSURANCE – An Important Feature of any Risk Management programme

Attempting to determine your exposures under a Public Liability policy can be likened to "finding the end of a piece of string". Most businesses can identify the main areas they are exposed to but a large majority of Public Liability claims arise from "hidden exposures".

The recent high profile case involving the recall of Pan Pharmaceuticals products highlights this "hidden exposure" area. Whilst Pan Pharmaceuticals were the manufacturer of the end product and have the initial responsibility for any claims, their insurers will be seeking recoveries from other businesses who form part of the supply chain. Recall expenses will be significant and are generally not covered by a standard Public Liability Policy. These costs can often be minimised by implementing traceability programmes with all customers/suppliers.

The ability to recover costs from negligent third parties is an important part of controlling businesses own costs and protecting their claims history. Many larger companies now require, often by contract, other businesses that supply them with a product or service, to have appropriate liability insurance. This protection is not an issue confined to larger businesses, whose balance sheets may better protect them from uninsured damage or financial loss caused by others but applies to all businesses.

Suppliers of professional services also face the risk of claims for financial loss arising from errors in advice or service. These exposures are usually covered under a Professional Indemnity Policy. As with manufacturers or suppliers it is prudent to obtain confirmation that these professionals have adequate insurance protection.

In the absence of supplier's of any product, service or advice to your business not having appropriate cover, how would your business cope with potentially not being paid for the costs arising from their negligence and would your Public Liability policy or risk management programme protect you?

In New Zealand our no fault ACC regime has so far kept the lid on claims for death or injury. The same cannot be said for claims of this nature overseas and any business either operating in or exporting to countries outside of New Zealand should be aware of their exposures.

If you have any doubts regarding your own covers or risk management programme please discuss these with your Insurance Broker.

The Eleven Commandments of Business

- Don't take too much cash out of the business
- Get legal, accounting, Insurance and business advice
- Don't go into business without money
- Don't open your door without a business plan
- Don't open your door without a marketing plan
- Don't choose partners for emotional reasons
- Don't do it on your own – build up a support team
- Don't get too confident – keep yourself open for new ideas
- Don't neglect your books
- Watch your health – you are the business
- Don't get caught ignoring these commandments

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You don't stop laughing because you
grow old, you grow old because you
stop laughing!”

THE INSURANCE MARKET

Prior to 2001, the insurance terms, particularly on the Assets and Interruption policies were secured at the very bottom of the cyclical insurance market. Since then, the market has been hardening. The catalyst for such significant change is as a result of the terrorist attacks of Sept 11 and for the last two years we have seen across the board rate increases by all insurers.

We expect rates to continue to harden in the short term due to:

- Globally, insurers have taken a savage pounding from the share market. Even as the industry began to recover from the impact of Sept 11 thanks to higher premiums, plummeting equity returns keep premiums rising as insurers move towards achieving positive underwriting results.
- Further consolidation of the insurance markets as insurers merge or exit markets.
- Insurers continue to seek rate increases on accounts perceived to be inadequately priced.
- Reduction in capital base further reducing profits as insurers and re-insurers seek to bolster their asset base. This has thus reduced "capacity" in the market causing prices to rise.
- Collapse of some high profile insurance companies such as HIH in Australia
- Large catastrophe losses such as Sept 11, Floods in Europe, Fires in Australia.
- Ongoing worldwide liability problems with Asbestos and large financial collapse of high profile companies such as Enron.

As a result of the above events, which highlight the poor performance of the insurance market, it is critical that this sector must return to profitability in order to continue to attract shareholders to maintain and even increase their investment in the insurance market. This places pressure on insurers to obtain adequate pricing on the capital they deploy.

The changes in the insurance market have very much brought home to many of us in NZ how exposed we are to international events. All commercial insurers in NZ must purchase re-insurance through the international markets such as Lloyds. This re-insurance cover provides a claims paying rating (required by law) that shows their ability to meet any large claims they may face.

We believe the market will eventually "plateau" with regards to price increases and with investors such as Warren Buffet and our very own Ron Brierley increasing their investment in the insurance sector, the horizon looks a little brighter.

Higher Risk Vehicles Yours might be one!!

Before you buy your next car it may be wise to check with your insurance broker.

Some Insurers will not insure the following vehicles:

Subaru Impreza WRX, SRX Sti

Mitsubishi Lancer Evolution (all models)

Holden HSV, Clubsport, Senator, R8 and Maloo

In addition many vehicles will only be accepted by Insurers if they are fitted with an approved certified vehicle security system which must include an immobilizer.

