



Livestock Insurance

There has been an increasing demand for livestock insurance, (as opposed to bloodstock insurance which is in demand in the Waikato), following some lending institutions now requiring farmers to insure their herd as security for a loan. Cover can be arranged over many types of animal including cattle, dairy, sheep, goats, deer and alpaca. The cover however is not cheap; as an indication cows/heifers 90 days to 8 years old can be insured for all risks mortality at a rate of 6%. Clearly most farmers would regard this as a commercial risk and simply in view of the cost would not entertain the need to arrange cover unless it was forced on them by their financiers.



If you are interested in livestock insurance, (it can be arranged on individual animals, i.e. breeding bulls), then give us a call.

Club Auto

A new niche high risk motor insurer has entered the market. Club Auto has developed from the old National Auto Club that was sold to NZI Insurance two years ago. Club Auto say they will be releasing several products including standard comprehensive cover, stand alone fire and theft and third party covers and motor cycle insurance.

The expansion into market is now touting for this comprehensive Auto say they are



this previously believed to be unprofitable crowded with at least four major players class of business. Clearly however with underwriting, this is a profitable market. Club looking at other specialist areas, including specific cover on motorised wheelchairs that they say is an increasing market as the “baby boomers” retire and enter their “mature” years.

Star Insurance – Motor Cycle Insurance

Star Insurance, who are specialist vehicle insurers have re-released their already comprehensive motor cycle policy. The policy provides that if the motorcycle is less than one year old, it will be replaced with a brand new one or “agreed value” for second hand motorcycles within 12 months of ownership



Star Insurance – Motor Cycle Insurance (cont.)

Various discounts are available including an over 60 age discount, a multi bike discount and a limited mileage discount.

This class of business is now extremely competitive with rivals National Auto Club providing a free 24 hour roadside emergency breakdown service extension.

Victorian Fires – The Consequences

Just three months after the Victorian bushfires highlighted the link between the affordability of insurance and the States extraordinary high taxes on insurance, the State Government has quietly introduced another rise in the fire services levy.

Country Victorian commercial policy-holders will now pay more than double their insurance premium in taxes - \$203 in taxes for every \$100 in premium.

The levy has risen four times since March 2008, however fortunately such high levies do not apply in New Zealand with fire service levies standing at a rate of .073% per \$100 of sum insured. The last increase in fire service levies in New Zealand was in July 2008 when the rate rose by only a modest amount from .073% to .076%. Let us all hope that the New Zealand Government do not decide to follow their Victorian counterparts across the Tasman.

AIG and Sponsorship

AIG, the American based insurer who were bailed out by the U.S. Federal reserve last year are well known as major sports sponsors including glamour U.K football club Manchester United. The AIG logo appears prominently on the jerseys of the team however that will all end at the end of this season when Manchester United will have a new sponsor, whilst AIG group sheds various assets and businesses in an attempt to pay back its \$US180 billion loan from the U.S. Government.



Insurance Council of New Zealand

The Council, (ICNZ), have recently released statistics that show a combined ratio, (claims loss ratio plus business costs), of 101.13%, up from 98.25% in the preceding year. Clearly this is not a sustainable situation and goes some way to explaining why certain underwriters are increasing premiums.

The statistics however are not precise as not all insurers are member of the ICNZ including market leader QBE Insurance.

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