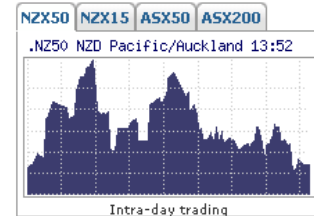




### Recession Affecting the Industry

The global downturn has resulted in a reduction in investment returns for insurers and reinsurers alike. At the same time the industry, both here and overseas, is experiencing an increase in the number of large claims. There is no doubt that this has increased the focus on underwriting results and the current trend of increasing premium rates will continue through 2009. It is important that all clients are aware that the days of “cheap” insurance premiums are over and particularly if clients have had a large number of claims, that it is inevitable that their insurers will be looking to increase renewal terms.



### Vacant Buildings – Greater Risk

With the economic downturn, there has been an increase in the number of vacant property, as well as an increasing number of unfinished building projects where work has been delayed. Clients should be aware that whenever buildings are left vacant, or only occasionally used, they pose a higher risk of damage due to vandalism, arson, and undetected weather damage and so on. At least one insurer is now requiring vacant buildings to be inspected twice weekly and a written report given monthly advising what endeavours are being made to return the property to occupancy.


Clients should also note that occupancy clauses may exist for holiday homes. If such property is unoccupied for an extended period, then depending on the policy, cover may be voided.

### Trans – Tasman Differences

A survey of the New Zealand financial services sector reveals regulatory hurdles continue to obstruct the free flow of financial services and products across the Tasman. A poll of Financial Services Institute of Australasia’s New Zealand members found that more than half find it hard to conduct trans – Tasman business due to concerns about regulation. In regard to the marketing or packaging of general insurance products, 58% said trans – Tasman trade is a difficult process. As similar as New Zealand and Australia are, there are many subtle differences in business and attitude and approach – these will always make it challenging to operate business from one country into another, says insurance broker association CEO, Gary Young.



### Liability Solutions from NZI

 Insurance recently released their package liability product they have labelled “Liability Essentials and Essentials Plus”.



Basically a combination of covers that have previously been purchased separately, the NZI cover packages various covers into one single simple to understand contract, that in addition to the usual, public, employers and statutory liability covers, includes staff dishonesty, personal claims made against directors of the business and employment issues. Talk to any of the Roughton Nelson staff if you think this product may suit your business. We will be happy to example a number of case studies that highlight exposures to which a business may experience.

### **Difficulty with Premium Payment?**

In these current economic times we appreciate that some clients may have difficulty with premium payments. If this is the case we are happy to talk with you with regard to the options that are available, which include monthly payment by way of premium funding. For a company, this is one way of keeping what is sometimes a large debt off your balance sheet, and with falling interest rates, can be a most financially viable option. We have recently completed a number of large premium funding deals at rates of less than 5%, which is very competitive, even in this current climate with low interest rates.

Insurers are becoming more diligent with regard to requiring timely premium payment, and of course any unpaid premium in the event of a claim will undoubtedly cause problems. Please talk with us if you foresee any problems in paying premiums.



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