

The Changing Insurance Landscape

John Lucas

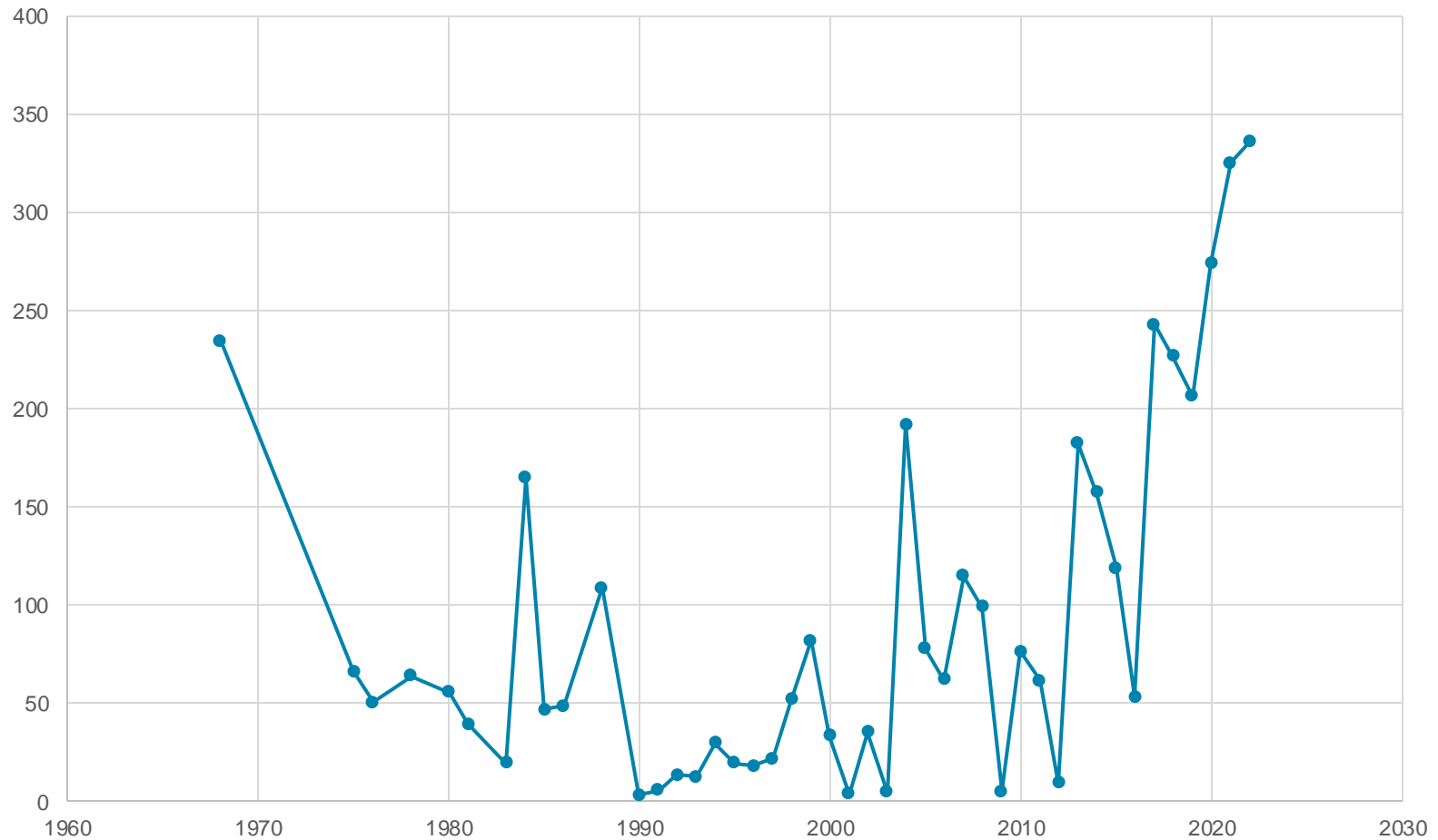
Te Kāhui Inihua o Aotearoa
Insurance Council of New Zealand

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Nelson

- Why has Insurance become more expensive in the last 4 years?
- ICNZ 2024 Strategy
- BWOF and Insurance
- Dangerous Buildings and Buildings with long term Deficiencies with No BWOF– The Insurance position.
- Buildings without Code of Compliance Certificates – What are the Insurance Issues?
- The Granny Flats Proposal – What Insurers are currently thinking.
- Risk Assessments for Automatic Fire Alarm and Sprinkler Systems
- Professional Liability Insurance Costs for IQP's
- Can our new buildings of the future be repairable?

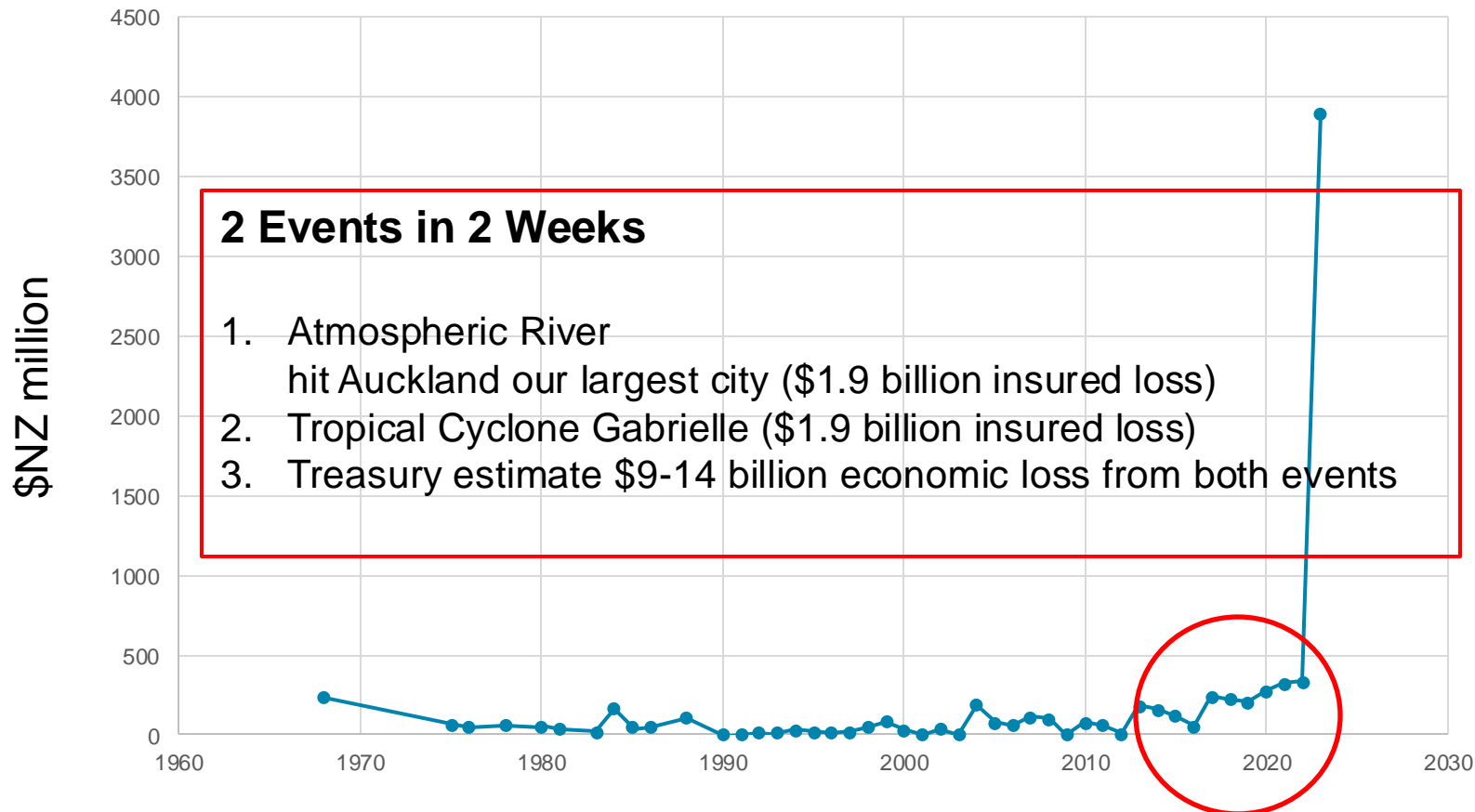
- Why has Insurance become more expensive in the last 4 years?
- The Counties Seismic Risk Models shows a greater risk of loss.
- The new National Seismic Hazard model was recalibrated in 2022.
- Reinsurance cost have increased because of this.
- Last year storm events

Insurance cost of weather events - pre 2023



Insurance pay-out for extreme weather insured losses since 1968

Cost of Insured Losses in New Zealand from extreme weather events



- ICNZ 2024 Strategy Focus

- *Insurance Affordability*
- *Regulation*
- Resilience of our Customers Property

- BWOFF and Insurance

- Not having a BWOFF is not always going to present a problem for the building insurance.
- The new B-Rad can give insurers specific information on non compliant systems that they can follow up on with a building site visit.
- Not having a BWOFF could present a statutory liability claim if the TLA decided to prosecute the building owner.
- Dangerous Buildings and Buildings with long term Deficiencies with No BWOFF– The Insurance position.

- Buildings without Code of Compliance Certificates – What are the Insurance Issues?
- Was the building built to the building code standard?
- If not, what are the risks of sudden damage to the building such as a fire due to non-compliance electrical installations. Possibly no insurance cover.

- The Granny Flats Proposal – What Insurers are currently thinking. We have not made our submission yet.
- As there is no oversight by the TLA there is a risk that the new build could be non-compliant with the building code and could breach insurance requirements.
- The new build could be built in a natural hazard area susceptible to flooding and ground subsidence that a section 72 notice would normally control.
- The liability is transferred from the TLA to the designer/engineer and home owner.

- Risk Assessments for Automatic Fire Alarm and Sprinkler Systems
- If an automatic sprinkler system is isolated or turned off, then insurers need to be informed.
- Similar issue for fire alarm systems.
- Often building controls can be light on building protection as they must focus on life safety.

- Professional Liability Insurance Costs for IQP's
- Insurance coverage costs for IQP's started increasing when a Lloyds place professional liability scheme was cancelled due to poor claims performance. This was around 2019-2020 from memory.
- The local New Zealand market provided replacement coverage but needed higher premiums to make the business viable.

- Can our new buildings of the future be repairable?
- This is something we are looking at in connection with insurance affordability.
- Even modern building getting damaged in a moderate seismic event can become a constructive total loss because the damaged elements are not economically repairable.
- Insurer know this and premium ratings can reflect this.
- If a new model motor vehicle was known to be unrepairable following a minor collision the insurance cost will be much higher than a repairable motor vehicle.
- ICNZ will start engaging with the construction industry in 2024

Ngā Mihi

Thank You