



NEWSLETTER FEBRUARY 2002

'OUR NAME IS YOUR PROTECTION'

All the best for 2002!

2001 certainly provided a number of challenges for us all, including the spin-off effects of the tragic events of 11 September 2001. We trust that 2002 will be a prosperous and more settled year for all.

OUR TEAM

As at October 2001 **Suzanne** (my wife) has increased her evenings/weekends-only contribution to full-time while also running another business within the Barley Group of Companies. Unlike our other ventures which are insurance/finance related, **Nostalgic World Ltd** is a web company selling limited edition prints from the 'romantic ages of travel' - namely rail, auto, maritime and aviation themes. As you may already have noted, I have a personal interest in these areas. Luckily we have very limited wall space, otherwise I could become a shopaholic around this type of product. Feel free to check out the site on www.nostalgic-world.co.nz. Any comments you may have regarding improvements to the site would be appreciated.



John Barley

Nichole Allen has also increased her hours to fit our increasing workload. During 2001 BIL experienced a substantial period of growth and with the extra in-house support we expect to be able to offer an even higher level of service.

THE INDUSTRY

In insurance terms we can expect a **significant change in both the premiums charged and the types of cover obtainable**. Many reinsurers were severely hit by the losses incurred on that fateful day (11 September) and are recouping their losses by passing on the cost to the insurance companies. As a result we have been told to expect a **minimum increase on premiums of 5%** this year – although this is an average. We have one client in particular which has an excellent claims record and recently reduced its level of risk by relocating its premises outside of Auckland. Despite this, they have faced a 400% increase on their manufacturing risk. It is therefore clear that the more risk we can manage ourselves the better.

I do point out, however, that for many years the New Zealand insurance market has been considered 'soft' when compared to overseas markets which have prohibitively high premiums. Within New Zealand clients had been demanding reduced premiums every year, in spite of upward inflationary trends. We should therefore be appreciative of the substantial savings made in the past and do our best to purchase a well planned portfolio.

A further significant change within the industry is the proposed **abolition of the Fire Service Levy**. The Insurance Council has been lobbying for this for the last 15 years but it appears that the legislation will go through in the near future. The reason for this change is that insured property owners subsidise fire services for the uninsured and it is considered that it is

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The Celtic never-ending knot symbolises the relationships between the various forms of insurance protection - where each segment of the knot represents an essential part of the whole.

In ancient Celtic times Barley was used for protection and for prosperity. Barley water was and is used for medicinal purposes.

SMOKE DETECTORS



Smoke alarms are a necessity in order to protect our homes and families. **Ray Robertson** of **Red Eye Detection** has provided the following useful information for your reference. Should you wish to contact Ray to obtain his services in regard to smoke sensors or general security, please feel free to call him direct on **0800 REDEYE**.

Fire is fire but the smoke that burning substances produce is different for each substance.

The two main types of smoke sensor on the market, photoelectric and ionisation, react to different types of smoke.

Photoelectric - These have a chamber with a light source and sensor arranged so the sensor does not "see" the light. When smoke enters the chamber it reflects light onto the sensor and the detector trips - obviously then the lighter the smoke the better the detection

Photoelectric smoke detectors are better at detecting lighter coloured smoke such as produced from smouldering slower burning fires. These are better suited for homes, offices, public buildings, dormitories etc.

Ionisation - These also have a chamber but inside this type is a small piece of radioactive material which electrically charges the air in the chamber. Smoke entering the chamber attaches itself to the charged electrons and reduce the current flow in the chamber. When a preset limit of current reduction is reached the detector trips. Thick black smoke is better at attaching itself to the electrons.

Ionisation smoke detectors respond well to rapidly developing flaming fires which have a high heat release, such as those when petroleum or plastic products burn. These fires also produce high volumes of dense black smoke.

SMOKE SENSORS therefore need to be tailored to the probable smoke source and in some cases both types of sensor should be fitted to provide the detection required.

It should also be noted that both types can react to legitimate non-fire substances in certain circumstances eg steam is also light coloured and when in sufficient volume such as in a hall near a shower will cause some photoelectric smoke sensors to trip. Likewise an ionisation smoke sensor near a boiler pilot flame or similar will often trip because of the minute particles present.

Dusty and dirty working environments can also clog the detection chambers and cause false alarms. Most of the later sensors have automatic compensation to prevent minor clogging from causing these false alarms but regular maintenance is still the best means.

There have been many comments concerning the large price variation between the stand alone chain store battery powered smoke sensor [from 10.00 each] and the dedicated alarm system powered smoke sensors. [from \$120.00 each]

≈ There is usually considerable difference in quality. You

get what you pay for.

≈ Research has shown that many people do not replace the batteries regularly and the batteries run flat after eight to twelve months - often these smokes have their batteries disconnected when the low battery warning beep becomes too annoying !!! or the battery is disconnected with the best of intentions in replacing it but never gets done.

≈ System smoke sensors are exactly that - they are powered from the alarm system - their batteries never run flat.

≈ The bulk of the battery powered sensors are ionisation because of this types low current battery draw and this type as indicated is the least suitable for domestic use.

By connection through an alarm system to monitoring the

D&O vs Employment Disputes

It has been noted that over the past few months there have been a number of claims registered for issues relating to employment and dismissal of employees. In view of this increase in litigation, we recommend that when hiring or firing that you discuss these issues with your lawyer and/or conduct a review of your employment contracts and internal systems.

We have often discussed with our clients the benefits of Directors & Officers Liability cover and have pointed out that the cover includes unfair dismissal, sexual harassment and other employment issues. However, it must be noted that **D&O Liability covers the directors/officers of the company** and **Employment Disputes policies cover the entity** (the employing company). Therefore under the D&O cover the claim will only be covered if the action is taken **against an officer** of the employing company. The entity (ie the company they work for) is **not** insured under the D&O policy.

The only way that the **entity** can be insured is with an **Employment Disputes Cover** and currently the premium is approximately \$110 per employee per annum.

Instead of lawyers taking a shotgun approach, they currently tend to be naming the entity only. Thus the D&O will **not** respond. Therefore to protect both sides of the equation, both policies are required as you need to cover the entity as