



# NEWSLETTER WINTER 2002

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**'OUR NAME IS YOUR PROTECTION'**

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Mid-year is almost upon us yet again and Barley Insurances Limited is pleased to be celebrating it's 4th birthday on 6 July 2002. We would therefore like to thank you for your support and the opportunity to contribute to your ongoing personal and business well-being.

## LAPTOPS

As most of you will be aware, whenever I visit your premises I always discuss laptops, breakdown of computers, loss of software, etc. You would have heard over the past couple of months that insurers are now restricting their cover on laptops and some are no longer covering them outside of business premises.



*John Barley*

We also had another issue with one of our clients whereby the software that is utilised can only operate if there is a small 'signature box' connected to the laptop. Thus the software will only operate if the signature box is in operation and plugged in. Unfortunately, when you lose your laptop you also lose your signature box. Therefore the cost of obtaining the software package again is controlled by the purchase of the signature box. The signature box with the software, in one particular case cost US \$1,600 to replace and we need to take account of this when insuring these specific items.

We also draw your attention to the necessity to put your laptops away in the boot of your car and lock the vehicle. The aforementioned client had his laptop in the carry bag on the back seat of the vehicle. Although the vehicle was locked and alarmed, the burglar smashed the back window and took the item. Laptops are very tempting!

## RISK MANAGEMENT

With escalating premiums Risk Management has come even more to the fore than it has been in previous years. As you are no doubt aware, although the New Zealand insurance market was not directly affected by the immense losses of 11 September 2001, New Zealand insurers reinsure offshore. The reinsurance market is suffering in the aftermath of this loss and is recouping its losses by increasing premiums back here. There are various methods of minimising premium increases:

- Self-insuring (generally only an option for large corporates).
- Raising the excess and taking on more risk yourself.
- Reducing the level of cover and implementing a stronger risk management programme to minimise risk.

The minimising of risk is often a case of implementing simple common sense, but it does take time. A good risk management plan needs to incorporate a 'disaster recovery programme' which addresses all contingencies. For smaller home run consultancy businesses it can be as simple as taking regular computer back-ups and keeping them off-site.

In essence you need to look at the worst case scenario, identify what you would need to get your business running again, then put in place contingency plans to make this possible as quickly and easily as possible. For a larger business this might entail a reciprocal agreement with a competitor to perhaps utilise equipment or stocks (think of the ease with which Tip Top continued operating following the fire at their Kingsland plant), copies of operating manuals, essential accounting and computer backups kept off site. In this day and age of passwords and PIN numbers, a record of regularly used email addresses, logins, etc should be kept somewhere safe in the event that this information is lost in a theft or fire. (We discovered that this could be a problem when we got zapped by a computer virus).

Insurance is only part of the equation in keeping a business running in the event of a disaster. Using as an analogy a simple algebraic equation is  $50\% + X = 100\%$ . The 'x' factor relates to the risk management, ie if we have a risk management plan in place this plan enables us to utilise the finance obtained from the insurance policies in an efficient and effective manner to allow reinstatement of the business as quickly as possible.

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

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## LIABILITY COVER

In the wake of the John Davey vs Maori Television debacle, it is a timely reminder to check that your professional liability insurances are up to scratch. I imagine that the recruitment company responsible will be checking to ensure that their Professional Indemnity cover (in the event that the 'entity' is sued) and Directors & Officers Liability cover (in the event that the individuals responsible are sued) are in place.

As mentioned before, you never know which way a potential law suite may strike.

## DOMESTIC CONCERNS

Over the last few months there has been a lot of publicity about 'rotting building syndrome' which is hitting both domestic and commercial buildings built in the last 10 years. At this point there does not appear to be any one particular cause, however, non-tanalising of interior timbers, modern building practices (ie use of non porous interior products such as polystyrene, new cladding systems) seem to be the most pinpointed culprits. In one particular newspaper article it was cited that perhaps 1 in 10 buildings built in the last 10 years will be affected.

With this issue in mind the domestic building insurance that you purchase will have a huge impact on your financial recovery in the event that you are a victim of a building which basically rots under your feet. The majority of insurances are based on an event which must be 'sudden and unexpected'. Not all policies cover 'gradual damage' which may occur when for instance an underfloor or in-wall leak may affect the structural integrity of the house over a period of time. Policies which include this cover are of course a little more expensive, but certainly not prohibitively so.

We encourage you to consider this aspect and recommend that the 'gradual damage' inclusion be added to your domestic building insurances.

## 4 WHEEL DRIVE COVER

For those people that own four wheel drive vehicles this product has been specifically imported to New Zealand from Australia and has been supplied to Barley Insurances as an **exclusive**.

**The 4 Wheel Drive Cover is a very comprehensive policy and covers 4WD vehicles whilst on and off-road, during competition, club trials, events, safaries and trekking – activities which are not covered under the standard MV policy.** There are additional benefits included within the price and we can also cover 4WD vehicles that are used on a commercial basis for day to day running.

This cover has been advertised in the 4 Wheel Drive Magazine and the demand to date has been exceptionally high.

If you have any questions or would like to know more about this cover please contact us.



## PLUG FOR A SUPPORTER

*As you know we are always keen to support our clients and have included a flyer from **Lifestyle Investments** for your interest.*

*As always recommended by our trusty lawyer we reiterate the usual disclaimer regarding endorsements and recommend that any business decisions that you make be made on their merits – and if you do purchase a rental property don't forget that 'gradual damage' cover!*

## MARKET OVERVIEW

Since the initial shock of substantial premium increases prices seems to have now generally stabilised, although those who have not yet had their insurance renewal (since September 11 2001) could be in for a shock.

Many of you will, however, notice that as the insurers are severely overloaded due to the massive number of commercial clients re quoting their portfolio, that response times to quotation requests, queries and claims has been pushed to up to 2 weeks longer than usual in many cases. We expect this to stabilise in the next month or so.

## SOME INTERESTING STATISTICS

When selecting the various extensions relating to commercial policies it is always interesting to look back at the types of claims which have been handled in the last 12 months. Claims handled by MSM Loss Management, a firm utilised by many of our clients, have included the following:

- Prevention of access due to landslip.
- Fire at a supplier's premises.
- Fire at a customer's premises.
- Murder of the business owner.
- Failure of electricity supply.
- Widespread storm damage over 12,000 sq. km
- Temporary closure of business as a result of a false fire alarm activation.
- Damage to equipment before installation.
- Product contamination.
- Employee theft.
- Professional negligence.
- Armed robbery.

Certainly worth noting when fine tuning your commercial