

TSI Brokers and Consultants

Welcome

Welcome to the latest TSI newsletter. We're not sure where the first half of 2018 has gone but already we are heading towards longer, warmer summer days and Christmas! We thought it would be appropriate to provide an overview on the current insurance market dynamics, the rapid rise in cyber crime and what's been happening at TSI over the recent months.



The Insurance Market

There is a term in the insurance industry called “**The insurance cycle**”.

In basic terms this refers to the swing in the market from being soft with the intense competition for market share growth, premium reductions/discounting and widening scope of policy coverage. Then the swing back to being hard with a focus on profit rather than growth, increases in premiums and restricted policy coverage.

The cycle generally occurs over a 3 to 4 year period but can vary dependent on claims incurred by insurers particularly from a natural disaster event.

Currently the New Zealand Insurance market is in a “hard” phase with intense pressure from insurers to achieve significant premium increases, increasing claims excess levels and some restrictions to policy coverage.

This last hard market occurred following the Christchurch earthquakes however after a few years and a return to profitability, the market “softened” again, with the

Our market began to harden last year; however, it is only in 2018 that insurers have been firmly focussed on increasing premiums. The momentum has been influenced by insurers paying approximately \$280 million in natural disaster claims last year and in the first half of this year already \$204 million, with the recent Gisborne and Coromandel flood figures yet to be included.

Added to these dynamics, which refer more to commercial and domestic property insurance the outlook in motor vehicle insurance pricing isn't getting any better. Some examples quoted recently from New Zealanders largest insurer NZI include.

- Current motor premiums no longer reflect the risk.
- A greater need for new parts and not recycled when repairing vehicles are pushing up costs up.
- Increased safety standards are impacting.
- Average repair costs for newer vehicles are significantly higher. Technology and electronics impact here, with electronics currently accounting for a quarter of a vehicle value, and estimated to soon reach 40%.

i.e > Connectivity sensors which not so long ago were rare, are now common with repair costs from accidents, ranging from \$250 - \$8000.

> Reversing Camera's and sophisticated wing mirrors and windscreens have a similar trend.

The bottom line with all of this is that property (commercial and domestic) premiums are increasing with insurers beginning to implement regional pricing differentiation which reflect higher risk areas. Motor vehicle pricing is also increasing.

At TSI our focus continues to be on

- Achieving competitive pricing, relative to the market.
- Policy coverage which is broad and reflects a client's particular needs.
- Placing covers with insurers who have an excellent claims service reputation supported by sound technical capabilities.
- Only dealing with insurers who have sound financial strength rating.

An important part of our process when renewing business or providing quotations is to ensure that we do canvas the wider market in order to achieve the best outcome for you.

Cyber Crime

We have featured cyber crime before however its prevalence and growing impact, mean that this is a standard topic when we talk to clients, as we are



A recent insurer article commented that “there are no boundaries when it comes to cyber crime.”

Fifty six percent of kiwi businesses were affected by cyber crime last year alone. Any business that operates online is vulnerable to cyber attacks and data breaches. The full impact of cyber attack and data breach is not insured by traditional business insurance policies, therefore the need to seriously consider stand alone “cyber insurance” to provide protection for costs and expenses following the likes of

- Privacy breach
- System damage
- Computer virus -transmission and hacking
- Multimedia liability
- Business interruption -lost revenue profit
- Computer crime
- Brand and personal reputation protection
- Breach at statutory
- Extortion
- Privacy fines and investigations

Making sure that you have got the right cyber insurance to get you back into operation after a cyber attack is our role, as your broker.

The insurance industry, as usual, has responded to this new exposure and we can discuss cyber insurance with you providing an overview of cover options, and cost indications.

[Click here for a copy of a very useful guide to handling potential cyber attacks when opening emails](#)



What's been happening at TSI?

We have said goodbye to

We have welcomed

- John Dallimore, Risk Consultant – KatiKati
- Leana Peeti, Broker Support – Tauranga
- Ken Bidwell, Risk Advisor – Auckland

TSI now operates from the following locations

- 1 William Pickering Drive, Albany, Auckland
- 35a Totara Street, Mt Maunganui, Tauranga
- Level 2, 74 Grey Street, Gisborne
- 22c Wills Road, KatiKati

