

## Liability Programme

### Key factors

- Revenue / Turnover relatively constant
- Options for increased limits sought on all lines
- Continuity of Insurer
- Claims and Notifications (nil advised)
- “Steigrad/Bridgecorp” and Liability Policies
- Changing Health & Safety and Sentencing Legislation
- Sentencing Amendment Act 2014

### Claims

Nil

### Insurer Options including Exclusions, Subjectivities, Warranties

All policies within the liability programme are offered as per the expiring terms and conditions. The exception to this is the Directors Liability and Defence Costs policies which have been moved to an updated policy wording (DOL0514 / DDC0514). The changes to the wording are purely cosmetic and Willis has no issue with the upgrade to this policy.

The following endorsements will continue to apply and are unchanged from the expiring policies:

- PCBs and EMFs Exclusions (General Liability)
- Failure to Supply Exclusion (General Liability and Directors Liability)
- Shareholder Support/Withdrawal of Funds (Directors Liability)
- Total Shareholder Exclusion (Directors Liability)

During our pre-renewal meeting, it was agreed that we would focus our renewal discussions with the incumbent Liability insurer, QBE Insurance (International) Limited (QBE).

The current Liability programme for Opuha Water Limited includes the following policies: General Liability, Statutory Liability, Employers Liability and Directors & Officers Liability.

We are pleased to advise that QBE have offered renewal terms based on the expiring terms, conditions and premiums.

Alternative limits on all policies have been requested and these are outlined below. Of particular note are the options available on the General Liability increases. We are currently seeking options to structure these increases through an ‘excess layer’ policy through an alternative underwriter. This maybe a more cost effective option available to OWL as opposed to increasing the current primary layer policy.

GENERAL LIABILITY- LIMIT OF LIABILITY	EXCESS:	ANNUAL PREMIUM:	DIFF:
\$10,000,000 any one occurrence	\$5,000	\$12,000 plus GST	-
\$20,000,000 any one occurrence	\$5,000	\$20,300 plus GST	\$8,300 plus GST
\$30,000,000 any one occurrence	\$5,000	\$31,700 plus GST	\$19,700 plus GST

STATUTORY LIABILITY- LIMIT OF LIABILITY	EXCESS:	ANNUAL PREMIUM:	DIFF:
\$1,000,000 any one claim (\$1m defence costs)	\$5,000	\$1,750 plus GST	-
\$2,000,000 any one claim (\$1m defence costs)	\$5,000	\$2,300 plus GST	\$550 plus GST

DIRECTORS LIABILITY- LIMIT OF LIABILITY	EXCESS:	ANNUAL PREMIUM:	DIFF:
\$5,500,000 any one claim ( Loss/Damages) \$2,500,000 any one claim (Defence Costs)	\$10,000	\$13,250 plus GST	-
\$10,000,000 any one claim ( Loss/Damages) \$5,000,000 any one claim (Defence Costs)	\$10,000	\$21,750 plus GST	\$8,500 plus GST
\$10,000,000 any one claim ( Loss/Damages) \$10,000,000 any one claim (Defence Costs)	\$10,000	\$26,750 plus GST	\$13,500 plus GST

## Comments

### Health & Safety Reform Bill

A new Health and Safety at Work Bill is in line to replace the Health & Safety in Employment Act.

Working Safer: “a blueprint for health and safety at work” is the Government’s response to the recommendations of the Independent Taskforce on Workplace Health and Safety set up in April 2012, partially in response to the Pike River Coal Mine disaster.

A large amount of the work has been completed in 2013/14 with the formation of WorkSafe New Zealand and consultation stage’s having been undertaken in the last quarter. It is envisaged that the new Act and key regulations will be in place late 2015. The legislation will be based on the Australian Work Health & Safety Law model.

With these changes in the liability landscape we will engage and consult with you on your present operational practices and discuss the new legislative implications and possible effects upon OWL. Broadly, these are summarised as:

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| <ul style="list-style-type: none"> <li>▪ Greater clarity on employers’ duties</li> <li>▪ Positive duty on company directors</li> <li>▪ Stronger penalties for culpable employers:</li> </ul> | <ul style="list-style-type: none"> <li>▪ Up to \$600,000 fines for individuals</li> <li>▪ Up to \$3m fines for corporate entities</li> <li>▪ Possible creation of “Corporate Manslaughter”</li> </ul> |
|--|---|

It remains unlawful to insure fines and penalties issue under Health & Safety legislation. However, defence costs and reparation awards are presently covered.

### Sentencing Amendment Act 2014

December 2014 saw the Sentencing Amendment Act 2014 come into effect in New Zealand. Under the old Act ACC was generally the only avenue for compensation for personal injury by accident and this of course had an 80% cap on weekly compensation (limited to a maximum of \$1,818 per week). Overseas visitors were also only entitled to ACC lump sum benefits.

The amended legislation creates an exception to the principle of compensation being only available through ACC by enabling the victims of convicted offenders to receive reparation payments in excess of ACC entitlements.

It is unclear yet of the effect that this will have on Statutory Liability policies as reparation payments awarded under Health & Safety legislation are covered and any prosecution under this Act is deemed to be a criminal Act.

### Insurer Ratings

For full explanation regarding the rating scale, refer to Appendix C - Insurance Company Financial Strength Ratings