

TOTAL | cover



Needing insurance is like needing a parachute. If it isn't there the first time, chances are you won't be needing it again.

Not a good start to **the year!**

Floods in Australia and now of course the latest catastrophic events in Christchurch, brings home to many of us, that when Mother Nature strikes there is little in the way of defense we can offer up.

As an insurance brokerage, our job is to support our clients, the businesses and families affected by these significant incidents. By working through the claims process, completing paperwork, by accessing information on their behalf, we are able to help guide them through their rights and obligations. This is the very reason people take out insurance. On a larger scale is the funding of an entire city! Where does that come from when the insurance funds run out?

Like the 71% of respondents to a NZ Herald Poll,

we are keen to see a small levy with proceeds going to assist in the rebuilding of Christchurch. We'd suggest that this any levy would have to have a specific time frame set along with a set amount to avoid it becoming swallowed up into the general pool.

We believe there will be an increase in the existing EQC Levy which is part of any property policy.

Some thought needs to be given by this and successive governments as to how the costs can be spread fairly and evenly by everyone.

Now is a time for rebuilding and remembering.

Your team at Bridges!

Just **what** it takes

Can I start by saying, I am proud to be a Kiwi. Watching those unfortunate families, businesses and individuals in Christchurch stand shoulder to shoulder supporting each other in what can only be described as a catastrophe.

As a business owner myself, I can only imagine what they must be feeling – their sense of obligation to taking care of their employees, frustration at not being able to set up temporary offices elsewhere, let alone worrying about your own family and where you're going to sleep that night. A serious issue currently that we are sure you are aware of is just the inability to access business information whether it is computers or documents.

From a business perspective it got me to thinking about practical steps that could be taken by the rest of us. They say 'hindsight' is a wonderful thing, and I believe that perhaps now some of us should sit up, take notice and prepare ourselves for an event as large and as devastating as Christchurch.

I had to do some research here, and these are things we are going to discuss at Bridges:

- **An offsite back up service** – the ability to access electronic access information so a temporary office could be set up, even if it's in someone's home or garage would enable the business to function in some small capacity.

The ability to carry on business in some manner may be the difference between a business, your business surviving. We cannot stress how important Back Up processes are. It can be taking home a Hard Drive every night. Accessing an online back up service or even just being prepared to have a server off site backing up each day. POINT OF CAUTION: client data is private and we

would have to seriously consider the security aspect of this before proceeding.

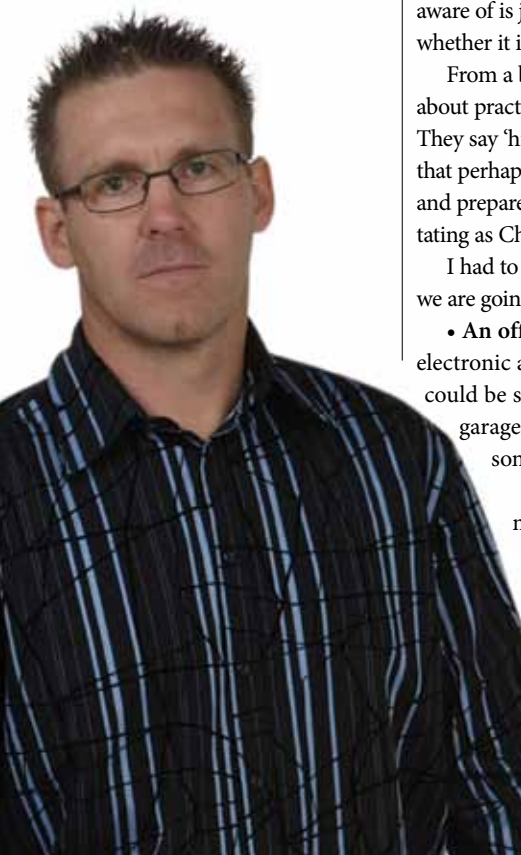
- **Prepare a Disaster Plan** – We recommend doing it right now before you actually need it. We've begun putting ours together even considering purchasing a small generator. They aren't that expensive. Also we are going to look into contacting someone to take us through a real life emergency situation. Hindsight is great, experience can be more effective. Having a simulate experience before the real thing may be a fantastic learning curve in terms of understanding the relevance of time in emergencies. Basics are ensuring First Aid course, CPR courses and other such courses are undertaken regularly by at least 2 people in your business. Have a number of emergency kits strategically placed in a building. One client ensures each staff member has an emergency kit beneath their desk - sleeping bag, first aid kit, food for 3 days a torch and whistle.

- **Review it all** – as an insurance business you'd think we'd be completely covered, and we probably are, but there is no harm in every business taking a look at existing policies. If you aren't sure what you're looking at, even if you're not a client of Bridges, talk to us and we can help you work out what you are covered for and what you aren't covered for.

Christchurch and Australia have shown us that no country is immune. All of us are affected in some way whether it is knowing friends, family or colleagues directly caught up in a catastrophe, or by just watching it through the medias eyes and feeling saddened.

Sadly lives were lost. There is no greater loss. We offer our hearts and our support to all and hope that one day in the future good will come from these life changing events.

Chris



The till isn't ringing and it isn't your fault?

In our Special Earth Quake Edition we highlighted Business Interruption Insurance. We have had a number of calls and questions regarding this so we felt there was a need to provide some additional information.

As has been seen a disaster can happen anywhere at any time, not just whilst you are at home. The children could be at school, you could be at work. This is the very reason Insurance exists: to provide financial support in the case of an unforeseen event.

Running a business is similar to running a household – you need income coming to into cover the basics in order to keep everyone satisfied.

'Business Interruption' protects your gross profit during the time it takes to rebuild your business.

It is the **TIME** that it takes to rebuild your business that is the most crucial. Indemnity periods until now have been typically chosen at 6-12 months under the assumption that this is all that would be needed in terms of time to recover. We are seeing the evidence

that it can take longer 18 months or even 24 months and possibly longer.



Shaving off what seems like a few months to save a few dollars at premium time could cost a business severely and be the biggest single problem and the cause of the most heartache and litigation.

If you don't have business interruption insurance currently and think that you'll never need it, we hope you are right, but just in case you're considering in light of recent events talk to us today!

Who pays for the clean up.

When it comes to damage to a property whether it is a private dwelling or a commercial building there is one thing that is guaranteed to be overlooked.... the rubbish!

Disasters can generate large volumes of debris. A disaster can be the size of the earthquakes in Canterbury or the size of a small fire causing damage. It could even be an extreme weather event such as high winds bringing down trees onto rooftops.

Regardless of the situation, generally there are 2 stages of removing debris caused by the event.

Stage 1) immediately in the case of lives being at risk or there is a risk to the immediate environment debris maybe shifted to a temporary location. You can see this currently with the CBD in Christchurch.

Stage 2) once the risk has passed it may then be moved to a more appropriate location. This is still being undertaken in Haiti over a year after their earthquake.

This bears a cost – the cost of labour to demolish, cartage, dumpy fees and local government fees to mention a few.

In one case as a result from the September earthquake in Christchurch, a client discovered the cost to remove debris from their damaged property was

\$1,000,000. Therefore allowance needs to be made for any property cover.

Demolition costs should always be addressed when insuring a property. If not calculated correctly, could leave a building owner significantly under-insured. A Registered Valuation for Insurance Purposes allows for this. We strongly recommend that you invest in this type of service!

If you choose not to, then we generally recommend you make a provision of at least 10% for demolition and removal.

Because we are Insurance Brokers we have a good understanding of potential costs so discuss it with us and we can help you work out the most appropriate cover for your situation.



Little Bits can make a difference



Like you we have watched the events in Christchurch unfold. The Directors, staff and Bridges Insurance as a business has offered its support in the way of donating cash through the various credible organisations.

We send our thoughts and our prayers to anyone affected by this horrific event.

This information contained in this newsletter is of a general nature and we always recommend that you call us so we can have a private discussion about your specific situation

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