

METH CLEANUPS TOP WORRY FOR INVESTORS & INSURERS

Insurers are continuing to revise their policies to make it harder for property owners to make claims for damage caused by methamphetamine contamination. DLA Piper law firm partner, Peter Leman, says insurers are making another round of changes to their policy wordings, as they're being hit with more meth-related claims. They're either limiting, or outright excluding, cover for losses caused by meth damage.

Speaking to an insurance industry audience at an Insurance and Financial Services Ombudsman conference, Leman says insurers are responding to meth like they have to leaky homes.

"Insurers are looking at ways to ensure their loss commensurate with what they are charging in premium, because the clean-up costs are so extreme," he says. In other words, they are covering their backs as they're conscious of the amount meth contamination could cost them.

So what should landlords be conscious of?

1. Changing Government Standards

More meth residue now needs to be detected for a property to be considered contaminated. On 27 October 2016, the Ministry of Health published a report recommending that for remediated houses where meth has been used to be deemed 'contaminated', 2 micrograms of meth needs to be detected per 100 centimetres if the area is not carpeted, and 1.5 micrograms if it carpeted. This is an increase from the previous threshold of 0.5 micrograms, which the Ministry suggests should still apply to remediated meth labs. The Ministry's recommendations will be incorporated in a new proposed standard for meth residues.

Accordingly, the proposed new threshold will make it harder for landlords to submit meth damage claims to their insurers.

2. Losses Required to be Sudden and Accidental

House insurance policies now largely require losses to be both sudden 'and' accidental. Leman says this could be problematic for landlords trying to make meth damage claims, as there might not be enough meth damage caused by one 'sudden and accidental' event for there to be 'contamination'. Rather meth damage may be caused gradually. Furthermore, it may be hard for landlords to identify when exactly a meth-related loss occurred.

3. Gradual Damage Exclusion

Leman says a number of insurers have added an additional clause to the 'gradual damage' part of their policies. As well as listing what sorts of gradual damage are excluded - rust, corrosion, etc - they are keeping their options open by adding the line, "any other gradual damage".

If you profit from property, chances are you will have to pay tax. Check your obligations before you buy or sell.

Leman believes it would be hard for a landlord to argue meth contamination doesn't fall into this gradual damage exclusion.

4. Pollution and contamination exclusions

Leman says this common exclusion in house insurance policies may give insurers a sufficient leg to stand on to decline a meth damage claim.

5. Reasonable care clause

A number of house insurance policies require landlords to keep a record of regular checks they do on their properties. These checks may need to be done as frequently as every three months.

While Leman believes these clauses are effective, he says the law does state an insurer can't apply an exclusion if the insured can show the breach wouldn't have made a difference to the outcome of a situation.

For example, if a landlord did an inspection in July and then missed their October inspection, but in November found out the property had been contaminated by meth in August, their claim may be upheld as the contamination would have happened regardless if they did their required October inspection.

6. Meth Detectors

Leman suggests landlords talk to their insurers about whether installing meth detectors in their properties will be at all helpful.

"It may be a protection for a landlord against a catastrophic event if the levels were suddenly rising rapidly and they were to get real time warning of that," he says.

Leman maintains meth detector evidence may be valid in Court if the devices are properly made, calibrated and used. Yet he believes it is still early days.

"I'm not sure whether the insurers have any internal policies themselves yet."

A 'Business' Issue

All in all, Leman acknowledges there are a number of grey areas around meth, as insurers are seeking a lot of legal advice on the matter.

Asked whether he believes it is fair for the industry to be ducking for cover the way it is, he says:

"There's no obligation to cover risks that are impossibly bad and there's no reason why insurers shouldn't be able to price those risks accordingly.

"I don't see that the insurance industry is doing anything wrong in taking a good hard look at this because. It's no difference to looking to the risk of flooding or earthquakes.

"I don't think there's a moral issue here, or an ethical issue. It's a business issue."

(Article sourced from Jenee Tibshraeny, interest.co.nz—4.11.2016)

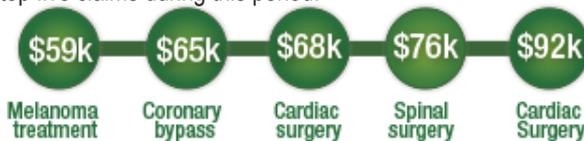
America has had vituperative Presidential races before. In 1800, President John Adams squared off against his vice-president, Thomas Jefferson, calling him a "mean-spirited, low-lived fellow, the son of a half-bred Indian squaw, sired by a Virginia mulatto father."

Jefferson responded in kind, describing Adams as a "hideous hermaphroditical character with neither the force and firmness of a man, nor the gentleness and sensibility of a woman."

nib**Top five claims for August 2016**

During August nib's top five claims ranged from \$59,000 for pancreatic cancer surgery to \$92,000 for cardiac surgery involving replacement of the aortic valve, aortic root and ascending aorta. Below is a snapshot of the top five claims during this period.

TOP 5 claims

**WELLINGTON BOAT SHOW—8-9 April 2017****We support the 24-Hour Endurance Yacht Race**

In April next year Seaview Marina will be hosting the Wellington Boat Show.

This promises to be a fantastic event, not just for the boating community, but also for Hutt Valley residents and indeed the wider Wellington region. Coinciding with the boat show, the Lowry Bay Yacht Club will be staging the inaugural 24-Hour Endurance Yacht Race on 8 and 9 April. This is a unique event, never been done before in New Zealand, let alone on Wellington Harbour. Skippers from the greater Wellington and Hutt Valley region have been invited to compete in this race and early indications suggest that there is a lot of enthusiasm and excitement among skippers and their crew. Yachts will sail non-stop for 24 hours on a circuit set out on Wellington Harbour. The yacht that sails the longest distance within the 24-hour period (corrected by a given handicap, much like a handicap in golf) will take away the prestigious trophy. This means that all competing yachts – big or small, fast or not so fast – have an equal chance of winning this trophy.

Visitors to the boat show will be able to watch the race in progress on a giant electronic screen that will be set up on the lawn near the yacht club.

The 24-Hour Endurance Yacht Race has attracted many Wellington and Hutt Valley-based businesses as sponsors of the race, including us. We think this is a wonderful event, a bit daring, requiring skill, courage and certainly a bit different from any other sporting event that we have been involved with.

If you would like more information about the 24-Hour Endurance Yacht Race, contact Theo Muller of the Lowry Bay Yacht Club on 0274 483 931 and he will be very happy to tell you more about this unique event. You can also visit www.lbyc.org.nz

“Trump never said those things he said.”

—Mike Pence

FIXED INTEREST

	Grosvenor Income Securities Portfolio (ISP)*	Kiwi Bonds*	UDC *
On call	2.25% p.a.		2.20% p.a.
3 months	3.25% p.a.		2.75% p.a.
6 months	3.60% p.a.	1.75% p.a.	3.35% p.a.
12 months	3.25% p.a.	1.75% p.a.	3.60% p.a.
24 months	3.25% p.a.	2.00% p.a.	3.50% p.a.

* Ask for an Investment Statement

“If you’re walking down the right path and you’re willing to keep walking, eventually you’ll make progress.”

—Barack Obama

Australian Tax Office

The Australian Tax Office actually commented on this one regarding the importance of accuracy in your tax return.

The Australian Tax Office returned the tax return to a man in Townsville after he apparently answered one of the questions incorrectly.

In response to the question, "Do you have anyone dependent on you?" The man wrote: "2.1 million illegal immigrants, 1.1 million crackheads, 4.4 million unemployable scroungers, 80,000 criminals in over 85 prisons plus 450 idiots in Parliament, thousands of 'politicians' and an entire group that call themselves 'Senators'."

The ATO stated that the response he gave was unacceptable.

The man's response back to ATO was, "Who did I leave out?"

How many ears has Captain Kirk got? Three: the left ear, the right ear, and the final front ear.

KIWIS RANK FIFTH ON MONEY

New Zealanders came fifth in an international survey of financial knowledge, behaviours and attitudes.

The OECD / INFE International Survey of Financial Literacy Competencies interviewed nearly 52,000 people in 30 countries, including 1300 Kiwis aged 18 to 79. And while the French topped the table, New Zealanders ranked equal fifth. The study found New Zealanders underestimated their ability with money, and knew more about financial matters than they realised. When asked to assess how good their knowledge was, only a third rated themselves higher than average, but when tested on the subject, two thirds scored above the international average. New Zealand women significantly outperformed men in their knowledge and behaviours, surveyors found.

(Article sourced from Dominion Post 13.10.2016)

“As democracy is perfected, the office of the President represents, more and more closely, the inner soul of the people. On some great and glorious day, the plain folks of the land will reach their heart's desire at last, and the White House will be occupied by a downright fool and a complete narcissistic moron.”

— H.L. MENCKEN,
THE BALTIMORE EVENING SUN,
JULY 26, 1920



Chris MacKay
AFA, BCA, CFP^{CM}, CLU,
Fellow IFA, FNZFAA, JP

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Insurance
& KiwiSaver



Ian Jordan
AFA, Dip FA,
Cert PFS, CeMAP

Investments, Insurance,
UK Pension Transfers
& KiwiSaver



Blair Bennett
AFA, MBS, Dip Bus &
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Investments, Insurance,
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Chris Cornford
AFA

Investments,
Insurance,&
KiwiSaver