

# Financial Advice New Zealand Professional Liability Insurance Programme

May 2022

Curated Risk



# Disclosure

Curated Risk Limited FSP700913, is authorised by a financial advice provider licence issued by the Financial Markets Authority to Insurance Advisernet New Zealand (IANZ) FSP26221 to provide financial advice services.

Curated Risk Limited provides advice to our clients about their general insurance needs.

Please visit [www.curatedrisk.nz/disclosure](http://www.curatedrisk.nz/disclosure) for further details

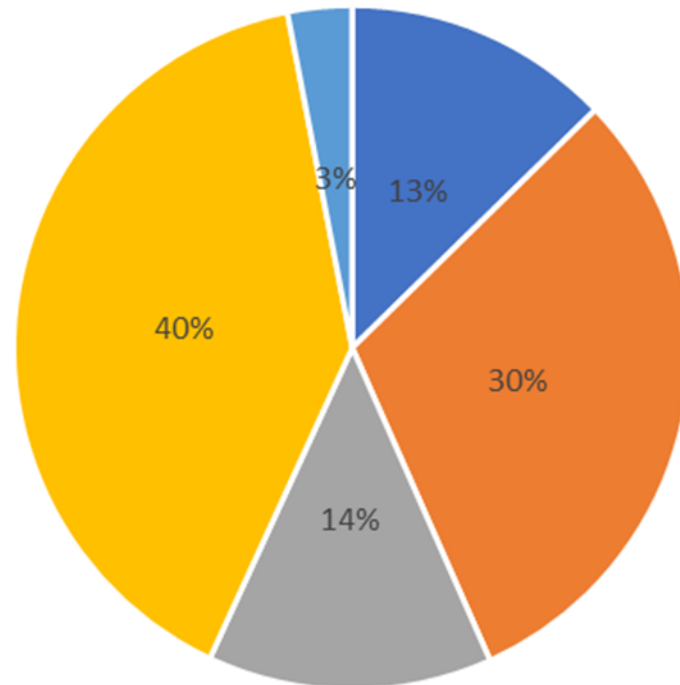
## Agenda

- Our Members at a glance
- New Programme
- Our Insurers
- Highlights
- Professional Indemnity
- Management Liability
- Cyber Liability
- Areas of Change
- Final Thoughts

Curated Risk

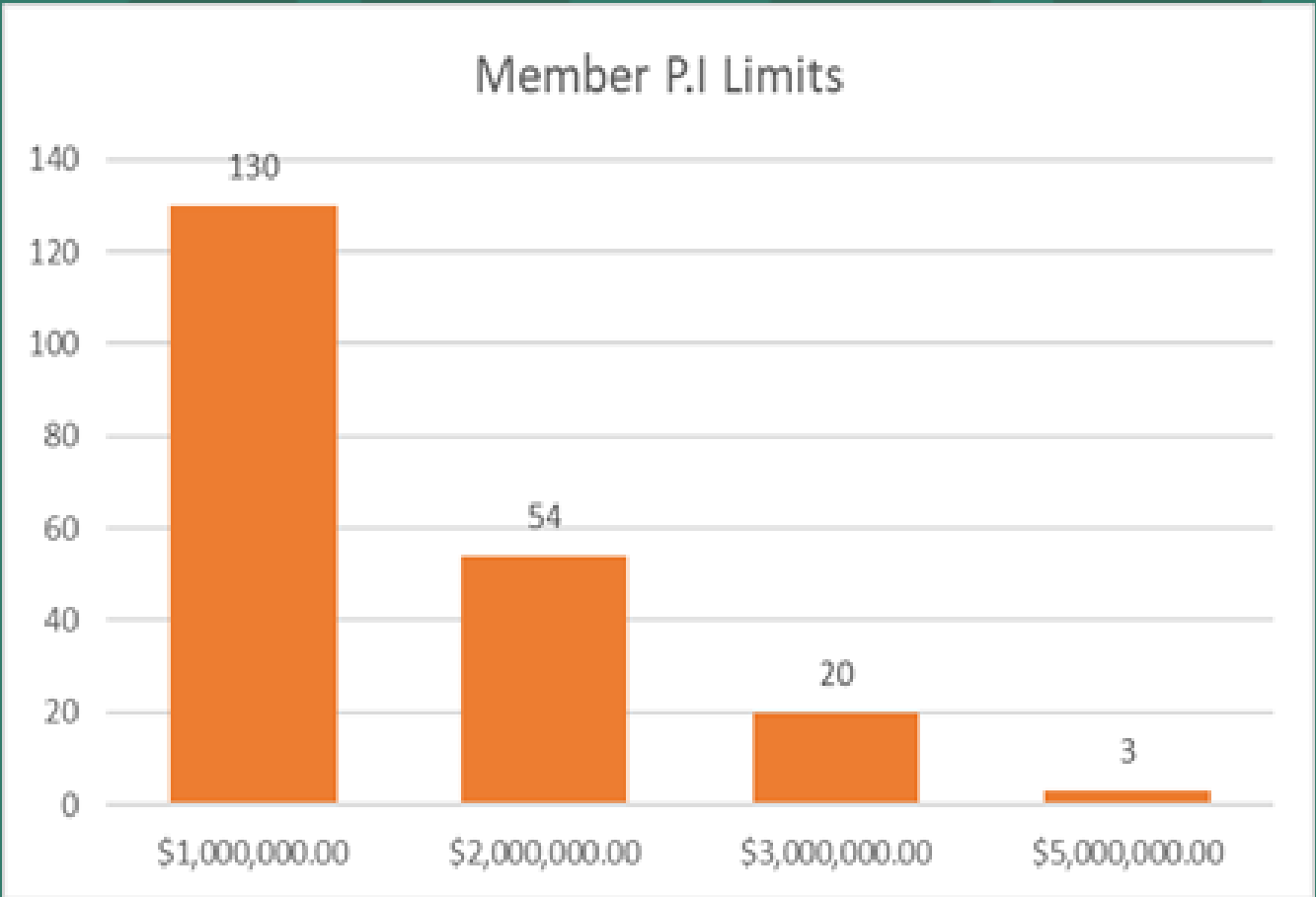
# Our Members at a glance

Member Distribution

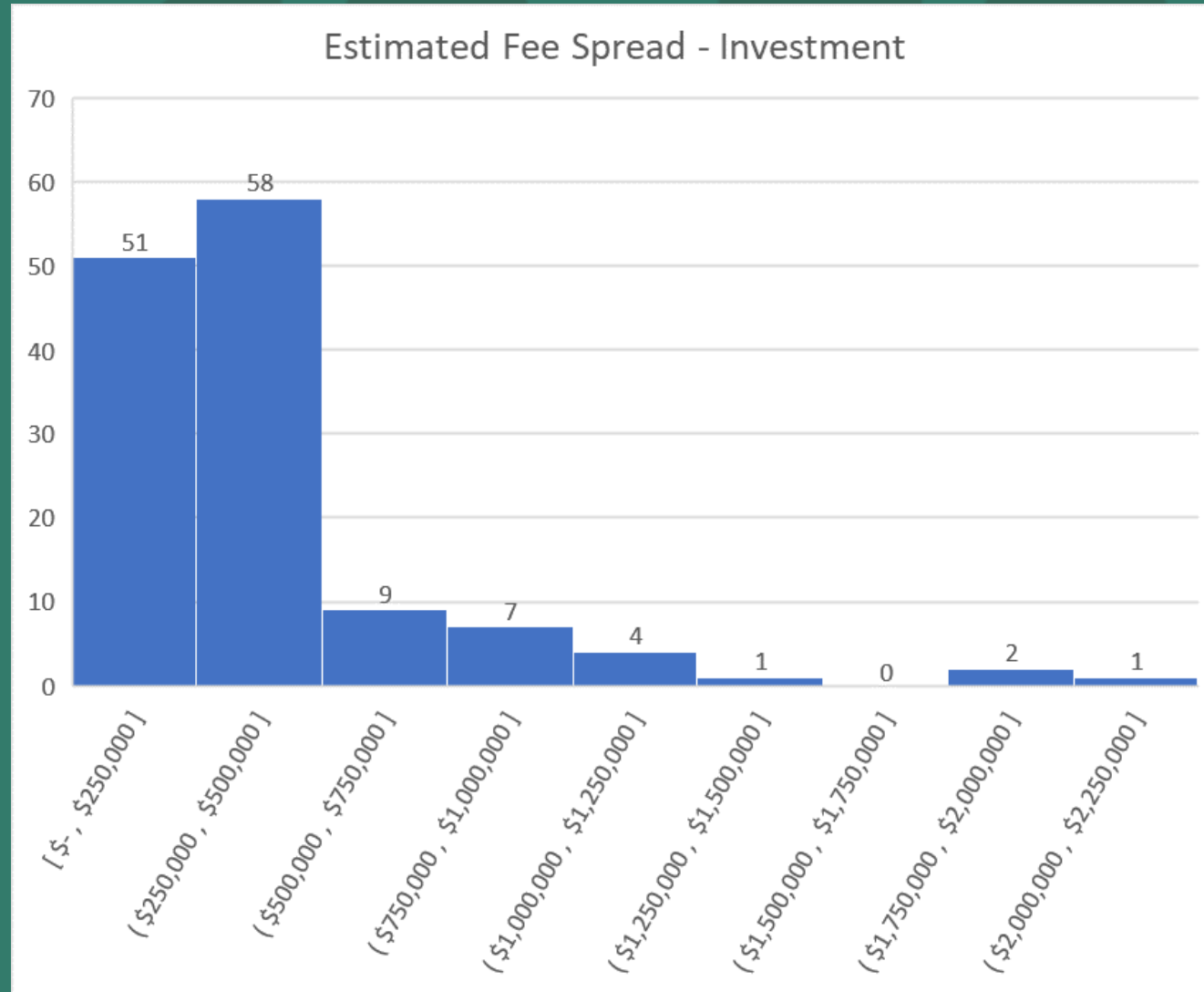


■ Mortgage ■ Investment ■ Kiwisaver ■ Risk - L&H ■ F&G

# Our Members at a glance



# Our Members at a glance



# New Programme

- Comprised of Professional Indemnity, Management and Cyber Liability cover
- Placed with 3 speciality insurers.
- Programme is categorised by advice streams.
- Substantially more targeted programme aimed at the needs of members and their FAP rather than the previous “off-the-shelf” product.
- Financial Advice NZ will receive 25% of the commission revenue to Curated Risk.
- This effectively means that advisers costs are lowered and a continuing revenue source for Financial Advice NZ.
- As part of our partnership, Financial Advice NZ & Curated Risk will continue to actively work towards opportunities for members to better understand the cover they have and also new initiatives to add further value.

# ANDO Insurance



*“For too long, insurance has been an overly complex and traditional industry with insufficient attention paid to the most important part of the business – the customer. We thought it was time, long overdue in fact, to address this.*

*So, at Ando we are challenging some of the industry norms – focusing on how we can use new technology to do things more efficiently, and most importantly, doing everything we can to create better insurance experiences for all our customers.”*

**John Lyon**  
CEO

## Ando is a Lloyd’s Coverholder

Lloyd’s is the world’s specialist insurance and reinsurance market. With expertise earned over centuries, Lloyd’s is the foundation of the Insurance Industry and the future of it. Led by expert underwriters and brokers who cover more than 200 territories, the Lloyd’s market develops the essential, complex and critical insurance needed to underwrite human progress.

Backed by diverse global capital and excellent financial ratings, Lloyd’s works with a global network to grow the Insured world – building resilience for businesses and local communities and strengthening economic growth around the world.

For information on the financial strength ratings of Lloyd’s, visit [lloyds.com/investor-relations/ratings](https://lloyds.com/investor-relations/ratings)

Coverholder at **LLOYD’S**

## Who provides the insurance cover?

Ando is proud to be majority-locally owned and operate as an underwriting agency in partnership with The Hollard Insurance Company Pty Ltd (Hollard).

Ando undertakes all the operational work of an insurance company, whilst Hollard provides the insurance licence and regulatory capital. Because Ando has high levels of delegated authority and our business leaders are also the owners, it means decisions are made locally and fast – allowing us to be more customer-focused than traditional players.

Hollard is licensed by the Reserve Bank of New Zealand (RBNZ), and is also authorised by the Australian Prudential Regulation Authority (APRA) and holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission.

Visit [hollard.com.au](https://hollard.com.au) for more information.

**Hollard.**



# Berkshire Hathaway Specialty Insurance



## CULTURE

In our every interaction with our customers, colleagues and business partners, we live the Berkshire Hathaway tradition of doing the right thing...and earn our reputation for trust, integrity and prudent risk taking.

Our organization is customer-first, through and through. Lean and responsive, we choose simplicity over complexity – and bring ease, speed, and efficiency to your world of insurance.

**agile.**  
CUSTOMER FOCUS.  
UNENCUMBERED.

## CLAIMS IS OUR PRODUCT.

BHSI is committed to excellence in claims handling, and brings skill, efficiency, and transparency to all aspects of the claims process. Our clearly articulated service standards set our bar consistently high on everything from acknowledgement of claims, to communication throughout the life of a loss – and ensure no surprises.

## PRODUCTS

Our wide range of insurance products is expanding every day. BHSI has both admitted and non-admitted underwriting capabilities. With our E&S capabilities, financial strength and yes-oriented culture, we offer maximum flexibility in customizing solutions for your needs.

**yes.**  
WE CAN TAILOR THAT  
COVERAGE FOR YOU.

What does our  
financial strength  
look like?

Berkshire Hathaway's National Indemnity group of insurance companies hold financial strength ratings of A++ from AM Best and AA+ from Standard & Poor's, with **\$399.8 billion** in total admitted assets and **\$248.2 billion** in policyholder surplus\*.

# NZI Insurance

## Cyber Base and Ultra at a glance

Cover	Cyber Base	Cyber Ultra
Privacy	✓	✓
System damage	✓	✓
Business interruption		✓
Computer virus transmission and hacking	✓	✓
Computer crime		✓
Multimedia liability	✓	✓
Breach of statutory duties relating to e-commerce		✓
Cyber extortion cover	✓	✓
Brand protection cover		✓
Personal reputation cover		✓
Privacy fines and investigations	✓	✓
Privacy breach notification and loss mitigation	✓	✓
Free cyber consultation		✓
Advancement of defence costs	✓	✓
Continuous cover	✓	✓
Extended reporting period	✓	✓
Former subsidiaries run-off cover	✓	✓
Merged and/or newly acquired subsidiaries	✓	✓
Reward expenses	✓	✓
Payment card industry fines and penalties		✓

### System damage and business interruption (first party claim)

A leading provider of Managed Services, including IT platform hosting, providing infrastructure and support services to numerous customers, had an extensive mainframe platform that was segmented into partitions configured to customer requirements. An attacker implanted malicious software tools and used "masking techniques" on the company's mainframe, concealing their IP address to steal customer data.

### Result

Resolving the issue cost over \$2,100,000, including \$1,200,000 incurred for Data Recovery and Business Income Loss.



### NZI Cyber Ultra solution

NZI's Cyber Ultra policy provides coverage for the cost of the data recovery and the loss of profits caused by the business interruption.

### Employee error (first party and third party claim)

An on-line retailer emailed a group of customers to promote a sale with special discounts available to them. The retailer intended to attach a copy of the flyer detailing the discounts but instead attached a copy of a spreadsheet that contained a customer list, including customer names, addresses and credit card information.

### Result

The retailer had clients in the US and was required to notify all affected customers of the error and offer credit monitoring. Several of the affected individuals filed suits against the retailer. The notification and credit monitoring costs were \$50,000, and legal fees and a nuisance settlement were \$100,000.



### NZI Cyber Insurance solution

NZI's Cyber Liability policy provides coverage for breach of privacy under the Privacy Insuring Clause which includes legal costs, indemnification of third parties and crisis management costs.

# Parts to the Programme

FAPs with only Mortgage, Kiwisaver, Risk and Fire & General advice

- Professional Indemnity – ANDO Insurance – Lloyd's

FAPs with Investment advice

- Professional Indemnity – Berkshire Hathaway Specialty Insurance

All FAPs – Additional Coverages

- Management Liability – ANDO Insurance
- Cyber Risk Liability – NZI Insurance

Curated Risk

# Professional Indemnity

- Underwriter is dependent on advice activity.
- Non-Investment advice only the insurer is ANDO Insurance.
- Investment advice, outside of Kiwisaver only, the insurer is Berkshire Hathaway Specialty Insurance.
- Cover available for Fire and General insurance advice rather than limited to referral only or a percentage of your advice.
- For both programmes:
  - Retroactive date: the new insurers are able to match your current date.
  - The policies contain an Automatic Reinstatement.
  - Can provide coverage for all areas of financial advice which your FAP provides.

# Management Liability

- This cover is provided by Ando – Directors and Officers Insurance is being underwritten by Lloyd's and the balance of the management liability underwritten by The Hollard Insurance Company Pty Limited.
- Features of this cover are:
  - Cover includes General, Statutory, Employers Liability with Crime, Legal Prosecution and Defence Costs cover along with Directors and Officers Liability.
  - For sole advisers, or Class 1 full licences who require only General & Statutory Liability we have this.

# Cyber Liability

- NZI Insurance
- Cyber Insurance is a growing element of our businesses.
- Cyber Resiliency is becoming a larger focus.
- NZI Cyber Ultra is the expiring solution and provides an accessible cover which is widely adopted across the financial advice sector.
- Cyber Risk insurance allows you to access the Insurer's panel of experts to help mitigate and resolve issues arising from your cyber event and the resulting legal liability incurred.

# Areas of Change

- There will be a slight increase in premiums depending on the composition of your advice and revenue.
- You will no longer be able to have monthly premiums through Financial Advice NZ.
- We have however negotiated competitive premium financing pricing to allow for monthly premium options.
- Delivery
  - The 2022 programme will be launched utilising a new process rather than the expiring platform.
  - The technology will be accessible and have a **simpler** user interface.

# Premium Financing

- Premium Financing comes from Financial Synergy Limited
- Established in 2001 and has grown to become as well established premium funding business in the NZ insurance market
- Financial Synergy Limited are a New Zealand Owned and Operated
- Completely Independent
- Has a 19 year relationship with Westpac NZ
- Financial Synergy Limited will reach a turnover of \$74m by June this year
- We have secured a bespoke solution at agreed rates for members



# Final Thoughts

- We will be actively working with Curated Risk over the next 12 months to develop the programme.
- We will provide opportunities for members to better understand cover.
- We will investigate new initiatives.

Curated Risk

# Let's talk

**Curated Risk Limited**

Office @ Alberts, 1 Albert St, AKL 1010

(+64)9 954 5722

[www.curatedrisk.nz](http://www.curatedrisk.nz)

Clinton Stanger

(+64) 21 985 006

[cstanger@curatedrisk.nz](mailto:cstanger@curatedrisk.nz)