

# THE ROGER AWARD 2015



## Finalists:

Apple  
Bunnings  
IAG/State Insurance  
Mediaworks  
Serco  
Westpac

For The Worst Transnational Corporation Operating In  
Aotearoa/New Zealand in 2015

# **The Roger Award**

For The Worst Transnational Corporation  
Operating in Aotearoa/NewZealand

## **Judges' Report**

Winner  
**IAG/State Insurance**

Second  
**Serco**

Third  
**Bunnings**

### **Judges**

David Small, Sue Bradford,  
Dean Parker, Dennis Maga, Deborah Russell

# 2015 ROGER AWARD

## Chief Judge's Statement From Sue Bradford

The six finalists were:

- **Apple**
- **Bunnings**
- **IAG/State Insurance**
- **MediaWorks**
- **Serco**
- **Westpac**

The **criteria** for judging are by assessing the transnational (a corporation with 25% or more foreign ownership) that has the most negative impact in each or all of the following categories: **economic dominance** - monopoly, profiteering, tax dodging, cultural imperialism; **people** - unemployment, impact on tangata whenua, impact on women, impact on children, abuse of workers/conditions, health and safety of workers and the public; **environment** - environmental damage, abuse of animals; and **political interference** - interference in democratic processes, running an ideological crusade.

The five judges were: **David Small**, a lawyer and Senior Lecturer in Education at the University of Canterbury; **Dean Parker**, Auckland writer and former Writers' Guild delegate to the Council of Trade Unions; **Dennis Maga**, union activist from the May First Movement Philippines, organiser of FIRST Union and founder of Migrante and UNEMIG; **Sue Bradford**, community activist with Auckland Action Against Poverty and Economic and Social Research Aotearoa (ESRA); and **Deborah Russell**, feminist, social and political commentator and tax expert, Tertiary Education Union member, and candidate for the Labour Party in 2014.

Dennis Maga did not rank or make any comment about Bunnings, to avoid conflict of interest due to his role with FIRST Union (which was in dispute with that company at the time of the judging process).

**Winner: IAG/State Insurance**

**Runner Up: Serco**

**Third: Bunnings**

We want it noted that Bunnings came a close third, nearly but not quite equal runner-up.

I'll now present comments made by judges on each of these three companies, before going on to give some of the main reasons the second group of nominees were not seen as winners.

### **IAG/State Insurance: Winner**

For three of us, IAG was a clear winner.

*Dennis Maga:* This is a consistent finalist and far worse compared to others. IAG should be exposed and condemned publicly because of their economic dominance, low tax rate, high paid CEO and the pain they have caused to Christchurch earthquake victims.

*Deborah Russell (summarised):* IAG has behaved in a callous fashion with respect to people in Christchurch by refusing to pay out insurance & engaging in shoddy repairs. People who feel

insecure, who do not have a place of refuge, and who have no place to call home, can't function well in our society. This state of insecurity has a particular impact on women who are usually the people responsible for making a home and ensuring children have a safe place to be. Children are badly affected when living in insecure environments.

IAG also deserves the Award because they have simply refused to play by the rules of the business game. Whatever else may be said of the other five finalists, they have at least played within the rules (perhaps only MediaWorks could also be described as not playing by the rules). The rules of insurance are very clear. The insurer takes the risk, assesses it and charges a price. IAG took peoples' money but it has not taken the risk. Instead it has tried to shift the risk back to its customers.

*Sue Bradford:* From the perspective of someone outside Christchurch it seems incredible that IAG has had such a free run. The degree of suffering for which they have been responsible from just after the earthquakes up to the present day seems phenomenal and abhorrent. Adults and children have suffered in all sorts of ways, with life options closed off, mental and physical illness, broken relationships, financial hardship and more. Alongside other institutions, including Governmental, IAG have been part of presenting an impenetrable wall that people can't get through to resolve their housing and insurance issues. In terms of degree of harm inflicted, even just looking over the past year which is the subject of this Award, the level of damage caused is high compared to that perpetrated by the other nominated companies. There is an ecological aspect also, in terms of the impact of IAG's approach on the built environment in Christchurch.

## **Serco – Runner Up**

*Dean Parker* – Handing prisons over to private companies seemed at the time totally insane. Private companies' sole concern would be capital gain, surely? Social benefit would be of little concern. Now this has been shown. We need to highlight Serco as an example of what happens when areas of social need are handed over to private market operators out to make a fast buck.

*David Small* (summary) – Serco's neglect and abuse has been thoroughly reprehensible – they have been charged by society with looking after people who are compelled to be in the prison system, and they make a lot of money doing this.

*Dennis Maga* – Have benefited from privatisation of the Government's services and displayed serious mismanagement.

*Deborah Russell* – IAG and Serco are the worst offenders because of their callous treatment of vulnerable people who have no choice about whether or not to deal with them. Serco has enabled abuse of prisoners and has done so while making huge profits. Further, it has collaborated in the abuse of NZ citizens in Australian detention centres.

*Sue Bradford* – Their treatment of prisoners at Serco's privately owned prison in Mt Eden has been repulsive, but there are several reasons why I've put Serco at no 2 instead of no 1. (a) State run prisons are not run well either – privatisation alone cannot be blamed with the way our society deals with those it locks up. Just as much harm can be done by a public organisation as a private one. (b) IAG has had a free run from Government – Serco hasn't. In this past year it has had to pay massive fines to Government and has had its contract for Mt Eden prison cancelled. In Social Development, the Minister is also now very clear contracts will not be let to Serco in the social services sector, something that was mooted much earlier on. (c) I think we need to be conscious of not being overly influenced by our knowledge of how Serco acts in other jurisdictions.

## **Bunnings: A Close Third**

*Dean Parker* – Every company seems to have stumbled upon this new weapon, flexible hours, as a way of squeezing its workforce. Bunnings was clearly the one that took the lead in this last year.

*David Small* – Bunnings' very clear union-busting agenda constitutes real political interference in my view. They are using their economic muscle to take over and degrade a significant part of NZ society and economy.

*Deborah Russell* - Bunnings' treatment of its workers and its continued efforts to impose zero hours contracts on its staff show that they are determined to exploit NZ workers. However, we have

our own home-grown example of even worse employers – Talleys. I am loath to give Talleys any opportunity to claim they are not as bad as other employers.

*Sue Bradford* – Bunnings must clearly be held to account for the attempts by its Australian owners Wesfarmers to maximise profits by attacking the right of its workers to have some control over the time they can spend with their families. There are also environmental issues here with the nature of the products it sells, with issues around sourcing and lifetime of products. However it is not a monopoly (in regards to economic domination) – and the impact on people is not at as severe a level as that inflicted by either IAG or Serco.

### **Some reasons given by judges for not awarding the prize to the other three companies:**

**Westpac:** We felt uncertainty around Westpac’s exact position on the Nicky Hager data release, as there was no clear “smoking gun” on this. In terms of the bank’s impact on staff, Westpac does not treat its workers quite as badly as, for example, the ANZ does - the winner of the 2014 Roger Award. We also felt that it is up to Government to take action on the tax dodging by Westpac and other entities.

**MediaWorks:** *Dennis Maga* would really like MediaWorks to be considered an “accomplice” in its role as a perpetrator of Rightwing propaganda. We also felt that while some staff have been treated badly, key figures would have got big payouts and that overall the level of harm to employees, and the numbers affected, do not match the levels of damage inflicted by IAG, Serco or Bunnings. Although the political influence of MediaWorks is high, they are not a monopoly.

**Apple:** This giant transnational profits hugely from a lack of State regulation. It is up to our lax, inactive Government to take action on tax dodging and avoidance. Companies are just going to make the most of the Government’s negligence. Apple has high market domination, but IAG has even more within its sector.

Thanks Murray and CAFCA researchers for the effort and energy you continue to put into the Roger Award, and “kia ora” to my fellow judges for the time and effort you’ve dedicated to this project at a time of year when most of us are trying to ease up on outside commitments. In this era of economic, political and ecological crisis it is more important than ever that a spotlight is constantly and systematically shone on the role played by transnational corporations in Aotearoa.

# Judges' Report

## Financial Analysis IAG/State Insurance

### Some General Background On The Insurance Industry

To fulfil its function in a modern economy, insurance has to be provided on a basis of trust and good faith. For an individual household, a disaster such as fire or earthquake can wipe out their main asset if they are not insured – but it can also expose them to interminable misery and uncertainty if their insurer fails basic tests of good faith and fairness. In an ideal world, insurance providers would fully honour their promises to respond fairly, promptly and in good faith to legitimate claims by their policyholders. In practice, the attitude of the insurance industry towards its customers and the speed and fairness of claim settlements, depend heavily on two things: the degree of competition in the market, and the strength and effectiveness of Government regulation. The New Zealand insurance market scores poorly on both fronts and the citizens of Christchurch have felt the consequences.

In a fully competitive market, individual insurance companies are restrained by the need to retain enough customer trust to avoid losing business to competitors. In an uncompetitive market, customers have nowhere else to go, and so can be subjected to three grimly familiar profiteering tactics: price-gouging on premiums, long delays in settling claims, and insurers hiding behind the small print of contracts. The onus then falls on Government to regulate to protect consumers.

The New Zealand insurance market is notoriously highly concentrated and correspondingly uncompetitive. Just two Australian-owned companies – Insurance Australia Group (IAG) and Suncorp - have 80% market share, through their local subsidiaries. IAG owns the State, NZI, AMI, Lumley, Lantern, BNZ and ASB insurance brands. Suncorp owns Vero and most of AA Insurance. Tower is the only company of any size not currently owned by the big two.

As for regulation at the sharp end, there isn't any, even after five years of industry delay, denial and defensiveness following the Canterbury earthquakes:

“New Zealand has zero external regulation for the settlement of a claim within a contract of insurance. There is plenty of regulation related to the acquisition or disposal of a contract of insurance, but when the time comes to claim a loss within that contract – it is a self-regulated Wild West”.<sup>1</sup>

In terms of Christchurch property insurance, IAG is the dominant private sector player. The Government-owned company Southern Response, which took on responsibility for settling claims by AMI policyholders for Canterbury earthquake damage prior to 5 April 2012 (the date the “good bank” part of AMI was bought up by IAG), is not a competitive force in the market and has its own obvious incentives to minimise the total amount of settlements and extend the settlement process.

“Delay, Deny, And Defend”, the title of a 2013 book by Professor Jay Feinman<sup>2</sup>, sums up insurance company blocking tactics worldwide in the absence of effective regulation. In summary:

“Your insurer's main objective is not to protect you; in fact, insurers often try to avoid paying justified claims. Today the name of the game is delay, deny, defend: to improve their profits, insurance companies delay payment of justified claims, deny payment altogether, and defend their actions by forcing claimants to enter litigation”.<sup>3</sup>

Once delaying tactics are exhausted and settlement of a claim finally occurs, the insurer can, by offering the exhausted and demoralised customer a choice between instant cash and the drawn-out

uncertainty of reconstruction or reinstatement, shift the risks of rebuilding onto the customer. All of these tactics have been conspicuous in the sorry history of the Canterbury earthquakes.

### **Stark Contrast With Australia**

As for Government response, the contrast with Australia is stark. In the wake of the 2011 Queensland floods, a Parliamentary Inquiry into the insurance industry's performance found that the industry's voluntary "code of practice" was widely ignored, the Code exempted companies from compliance in the event of a natural disaster, and there was a widespread practice among insurance companies of indiscriminately telling customers "at first contact (usually via telephone) that they were ineligible to make a claim according to the terms of their insurance policy"<sup>4</sup>. Responding to a flood of evidence of insurance industry malpractice, the Inquiry Report laid out a series of strong recommendations<sup>5</sup> for both statutory changes and a stringent tightening of the Code of Practice. The revised Australian General Insurance Code of Practice, overseen by the Financial Ombudsman Service, now binds insurance companies to settle all claims within four months except under "exceptional circumstances" when the limit may be extended to one year. The previous exemptions in case of natural disasters have been removed.<sup>6</sup> The Australian Insurance Contract Regulations 1985 were amended following the Parliamentary Inquiry, including an important change: a statutory definition of a "flood".<sup>7</sup>

To the apparently simple question "what is a flood?" the Queensland experience of 2011 had thrown up a remarkable range of answers. Three-quarters of the state was declared a disaster zone and "many consumers were caught by surprise when they discovered their insurance policies did not cover them for damage to their home and/or contents"<sup>8</sup>. There was no standard definition of the word "flood" and there were numerous cases reported of companies dodging payment by hiding behind obscure definitional issues<sup>9</sup>. Two of the companies, for example, commissioned a report from engineering company Worley Parsons that said that the disaster was "sunny-day flooding" and not storm-water damage, and so was not covered by the companies' policies<sup>10</sup>.

In New Zealand, Napier residents in 1931 had suffered a similar disappointment when it turned out that following the 1906 San Francisco earthquake and great fire, insurance companies had carefully written into their policies a distinction between "ordinary fire risks" and fires following an earthquake. Hence, after the Napier earthquake, "the private companies were in no doubt that they had no liability at all unless such [earthquake] cover had been expressly stated"<sup>11</sup>. The then Government-owned State Fire Insurance Office made payments to its policyholders.

The very existence of State Insurance in 1931 shows how longstanding has been public dissatisfaction with the behaviour of the insurance industry in this country. Back in 1903, Prime Minister Richard Seddon pushed through legislation to set up a State-owned competitor to the British fire insurance companies that then dominated the New Zealand market. The rationale was simple: the fire insurers had established a tight cartel to raise their premiums, and had moved to block any attempt by the Government to set up its own fire insurance operation by denying it reinsurance in the British market<sup>12</sup>. Seddon personally arranged for reinsurance to be available and designed the new venture to provide a competitive benchmark for premiums that the private insurers could thereafter charge. As the Minister in Charge of the State Fire Department put it in 1908, "the object for which the State Fire Insurance Office was started was to protect the people of this Dominion against rates due to any monopolistic combination"<sup>13</sup>.

Until it was privatised in 1990, State Insurance did, in fact, operate as a de facto market regulator, simply by providing rates and service that the private sector was obliged to match. With that competitive anchor removed from the market, and with no regulatory measures introduced to replace the influence of the previous State-owned insurer, the way lay open for the "Christchurch fiasco"<sup>14</sup> of 2010-2016.

Already in 2012 Sarah Miles could argue that<sup>15</sup>

"The profit-driven model of private insurance can, and very often does, fail those who have

paid-up policies based on 'good faith' responses that are their due. ... The opportunistic behaviour of the insurance companies, together with the lack of transparency and integrity within these corporations, is compounded by the failure of corporate watchdogs, such as Government, the legal system and regulators, all of whom have failed to protect the public interest after the recent events. In the background, behind closed doors, are the strategic alliances and the networked relationships between Government, corporates, professionals and other major stakeholders with the object of profit. The interests and voices of the policyholder and homeowner are conveniently ignored and the lack of redress is well understood by these arguably complicit parties”.

By 2015 and 16, the evidence against the insurance industry's performance in Christchurch, and in particular the role of IAG in failing to meet the legitimate expectations of its policyholders, was overwhelming.<sup>16</sup> Evidence presented to the 2015 Roger Award judges included a mountain of press reports and case studies of homeowners reduced to despair by IAG's handling of their claims. The fact that the first \$100,000 of cover has had to be recovered from the State-owned entity EQC (the Earthquake Commission), before private insurance kicks in, has added an extra layer of complexity while providing the private insurance industry's spin doctors with a convenient scapegoat.

### **EQC, IAG, And Christchurch**

The Earthquake Commission (previously the Earthquake and War Damage Commission) was established in 1945 to provide disaster insurance cover for residential property. It collects a levy as part of the premiums on home and contents insurance, the money from which goes into the Natural Disaster Fund. Following a disaster, EQC pays affected homeowners up to \$115,000 (including 15% GST) on property, and up to \$20,000 on personal belongings. After the Christchurch earthquakes of 2010 and 2011, EQC recruited hundreds of people to assess the damage and likely cost, and entered into an agreement with Fletcher Building for a division of Fletchers known as Fletcher EQR (Earthquake Recovery) to manage the home repairs programme up to the EQC ceiling of \$115,000 for those who chose not to arrange their own repairs. Both the assessments of damage and the home repair programme have been controversial. With the home repair programme now winding down, it seems quite a number of claims formerly assessed as within the \$115,000 cap, and possibly including some of the botched repairs from that programme, have more recently been assessed as above that cap and transferred to homeowners' private insurers<sup>17</sup>.

For most homeowners, their private insurer is IAG, although many some might not recognise IAG as their insurer. IAG is the corporate operation, but those insured with IAG are more likely to recognise it by the name of what IAG likes to refer to as its “customer facing” brands, those brands in New Zealand including State Insurance, NZI, AMI, and Lumley.

### **Overpaid Execs; Tax Havens; Lack of Transparency**

Hugh Fletcher, whose family and career history is with Fletcher Building, is a former Board member of Fletcher Building, and has, since 2003, been Chairman of IAG's key New Zealand companies, IAG New Zealand Limited, and IAG (NZ) Holdings Limited. Since 2007, he has also been a Board member of the Australian company, and a member of that company's audit committee, and risk committee. Until late 2012, two years after the first of the damaging Canterbury earthquakes, Hugh Fletcher was still a Board member of Fletcher Building. Fletcher Building's extensive role in earthquake recovery in New Zealand goes well beyond the Fletcher EQR operation, and given IAG's extensive role as well, it is disappointing that the *Financial Reports* of IAG in New Zealand do not provide information about directors' interests. The reason stated for this omission is that the Australian IAG, which owns IAG New Zealand's shares, resolved not to do so as permitted under section 211(3) of the Companies Act. Despite being legal, this is not a good look under the circumstances, a matter that should be apparent to IAG's Risk Committee, and Board, and to Mr Fletcher. There is no way of knowing about interactions between these companies.

The complaints about IAG in New Zealand that earned it the Roger Award for 2015 relate to many of the homeowners with earthquake damaged houses. IAG is accused of adding to the distress suffered



by those affected, by stalling insurance settlements when people need to be able to get on with their lives, responding with callousness, bullying, and shoddy repairs. The very high remuneration paid to IAG's Chief Executive Jacki Johnson (reportedly \$4.1 million in 2015) has added insult to injury. On top of all that is the usual concern about IAG's operations through tax havens. As New Zealand Chairman, Hugh Fletcher presides over all this.

A useful place to start to try to untangle this is with IAG's executive remuneration policies. The *Directors' Reports* of the Australian company outlines these policies. These *Reports* confirm the very high amounts and some details of the amounts paid to Ms Johnson.<sup>18</sup> They also outline IAG's approach to remuneration and this helps to understand how the executive compensation packages are likely to work.

Only a small percentage, about 25%, of an executive's total remuneration comes from a fixed salary component, the remainder being an "at risk" component, largely based on "alignment of reward to [IAG's] shareholder interests".<sup>19</sup> In other words, only about 25% of executive compensation might be viewed as for performing well towards all stakeholders in the company, including both policyholders and shareholders, while the remaining 75% of that compensation is for ensuring that shareholders do especially well. Slow reimbursement and under-reimbursement of policy holders' losses can translate into shareholders' gains, while the executive remuneration package effectively passes some of those gains onto IAG's executives. The resulting conflict of interest in financial institutions is well known.<sup>20</sup>

IAG's *Remuneration Report* identifies the components of executive remuneration and the strategic purpose of each component. The 25% fixed base salary and superannuation component is to "attract and retain high quality people". The remaining 75% of the remuneration component available is split equally between a short term incentive and long term incentive.

The short term incentive component which provides 37.5% of the total remuneration is paid 2/3 in cash and 1/3 in the issue of rights to buy IAG shares. The related performance measures are based half on financial measures (return on risk-based capital; profitable growth; capital and risk management) and half on non-financial measures (customer, partner and employee satisfaction; strategy development and execution; build capability and agility for future value; culture and employee development). The cash part of this short term component is paid following the end of year assessment and approval by the Board, and is intended to motivate and reward performance within a financial year. The rights component is to align the staff member's reward to shareholder interests, and protect the financial soundness of the group.

The long term incentive provides the other 37.5% of the total package and this is paid in the form of rights to shares. The performance measures are return on equity and total shareholder return, the idea of these being to evidence company growth in profitability, and to create value for shareholders through an increasing share price and the value of dividends. The aim of this is also to align reward to shareholder interests, remuneration with longer term financial performance and protect the financial soundness of the group.

Jacki Johnson's 2015 remuneration of \$4.1 million comprised her fixed salary component of \$1.096 million, plus "a top up of \$418,000 short term cash incentive based on performance, \$398,000 as incentive previously deferred, and \$1.95 million as IAG shares or cash as a long term incentive."<sup>21</sup> These add to less than \$4.1 million, but more importantly the message sent by such remuneration arrangements is clear: look after the shareholders, and manage operations to do that, even if it means slow settlement of claims, friction with policyholders, and, inevitably after the Christchurch earthquakes, enormous distress. Delay, deny, and defend.

IAG (NZ) Holdings Ltd's *Financial Reports* since 2010 are not going to reveal the many homeowners' concerns about imposition of pressure to lower or delay claims but they do show how the settlement of claims has stretched out over time. While some of this should be expected given the extent of

earthquake damage to many homes, and the need for a prior over-cap decision from the EQC, there are clearly concerns that IAG itself is proceeding slowly and that this wears down individual claimants and may be convenient to IAG. Delaying claims can save money which may be invested profitably in the meantime, and may help to massage financial results to achieve particular performance measures. Another means of massaging those financial results is through IAG's captive reinsurers in low tax jurisdictions: Singapore and Malaysia. Paying amounts as reinsurance to IAG entities in these tax havens reduces the New Zealand operation's reported profits each year, while bringing those amounts back in later as reinsurance recoveries helps to boost reported profits in poorer years. As IAG reports, the group's captive reinsurance operation is intended partly to manage "earnings volatility".<sup>22</sup>

### Claims Liability Underestimated By \$1 Billion

There is so much judgement required to estimate liabilities from such a major disaster as the Canterbury earthquakes that claims-estimating errors that would have a considerable effect on financial results are always likely. These are IAG's largest liabilities, and the *Auditor's Report* refers to the significant uncertainties surrounding them. There may be some comfort from the actuarial report required for prudential regulation purposes which reviews the actuarial assessments that go into these estimates, but that report also discloses that some of the actuary's remuneration is an annual short term incentive payment based partly on IAG's financial performance. Yet another conflict of interest in IAG's remuneration arrangements, it seems. In December 2014 IAG revised its estimated total costs for the claims having previously underestimated the liability by about \$1 billion<sup>23</sup>. The total claims liability reported for the June 2014 financial year end was \$3 billion, so the under-estimation was massive. Evidently, neither the actuaries, nor the reviewing actuary, nor IAG's auditors, noticed.

The published information about these liabilities may be used to estimate how the settlement of the earthquake claims has been stretched out. In the 2009 and 2010 financial reports before the earthquakes, IAG reported that claims would generally be settled within 12 months. At the time, claims outstanding represented about 40% of the total claims for the year. In its analysis of claims expenses, IAG distinguishes between expenses relating to current year claims and those relating to prior year claims, but does not provide such an analysis of its total claims liabilities outstanding. However, if we assume that IAG still settles about 60% of its current year claims in the current year, we can estimate its claims liabilities outstanding for the Canterbury earthquakes. For the 2013 to 2015 years, the estimation is shown in the right hand column.

### IAG (NZ) Holdings Limited

Financial year ending 30 June	Reported Total claims liability \$,000	Estimate of claims outstanding relating to current year claims \$,000	Estimate of outstanding liability for earthquake related claims \$,000
2009	315,145		
2010	274,037		
2011	3,439,435		
2012	3,307,574		
2013	2,766,343	356,140	2,410,203
2014	3,034,299	370,604	2,663,695
2015	2,985,935	491,166	2,493,142

It is important to remember it will take an insurer longer to settle the more complex earthquake claims, especially those requiring major repairs or demolition and rebuild under replacement policies. It is for this reason that the estimations provided here start from 2013. But the complaints about IAG are about failures to meet policyholders' legitimate expectations, including slowness, substandard repairs, and more. Perhaps, given IAG's massive under-estimation of its insurance liabilities in 2014, we should not be surprised at its efforts to dump claimants from its rebuild programme in March 2015, not long before the end of the 2015 financial year.<sup>24</sup> The size of the outstanding liability is barely reduced from the (under-estimated) amount reported the previous year.

## Conclusion

In one respect the homeowners of Christchurch were fortunate: their insurance policies provided for full replacement of damaged properties. As happened in Australia following the Queensland floods, the New Zealand insurance industry has now switched to insuring homes for fixed amounts, offloading onto policyholders the responsibility for understanding the cost of replacement following a future disaster when resources are stretched and fly-by-night builders take the money and vanish, leaving dodgy work to be patched up. For IAG and other private insurance companies in the uncompetitive and inadequately-regulated New Zealand market, the lessons from the Canterbury earthquakes are straightforward: offer less and charge more, while meantime blaming the Government for the effects on the citizens of Christchurch of five years of “delay, deny, defend”.

The New Zealand government has given unwarranted credibility to the industry’s PR line by its own inept and often obstructive response to the disaster, by its failure to step up to its regulatory responsibilities, and by failing to step clear of the strategic alliances and networked relationships that make Government complicit in the insurance industry’s betrayal of legitimate customer expectations. But, as the dominant player in this sorry tale, IAG/State Insurance is a richly deserving winner of the 2015 Roger Award.

## (Endnotes)

1 Cam Preston, “Many Christchurch Residents Still Have Good Reason To ‘Carp & Moan’ Five Years On From The First Earthquake”, *Interest.co.nz* 3/9/15, <http://www.interest.co.nz/opinion/77413/cam-preston-argues-iag-and-southern-response-have-only-rebuilt-repaired-or-cash>.

2 Jay Feinman, “Delay, Deny, Defend: Why Insurance Companies Don’t Pay Claims And What You Can Do About It”, (Penguin, 2010), For a 19 March 2013 *Campbell Live* interview with Feinman and Insurance NZ Council chief Tim Grafton discussing the Canterbury earthquake situation see <http://www.newshub.co.nz/tvshows/campbelllive/the-opposing-sides-of-the-insurance-battle-2013031919#axzz431wnOOBy>. For application of the “delay, deny, defend” model to Christchurch see “Andrew Hooker Accuses EQC Of Being Either Incompetent Or Conniving, In Giving Canterbury Quake Claimants Under-Valued Repair Estimates”, *Interest.co.nz* 18/8/15, <http://www.interest.co.nz/insurance/77136/andrew-hooker-accuses-eqc-being-either-incompetant-or-conniving-giving-canterbury>.

3 <http://www.delaydenydefend.com/>

4 House of Representatives Standing Committee on Social Policy and Legal Affairs, “In The Wake Of Disasters: Volume One: The Operation Of The Insurance Industry During Disaster Events”, Canberra, February 2012, [http://www.aph.gov.au/parliamentary\\_Business/Committees/House\\_of\\_Representatives\\_Committees?url=spla/insurance/report/fullreport.pdf](http://www.aph.gov.au/parliamentary_Business/Committees/House_of_Representatives_Committees?url=spla/insurance/report/fullreport.pdf), Chapters 3 and 4.

5 House of Representatives Standing Committee on Social Policy and Legal Affairs, “In The Wake Of Disasters: Volume One: The Operation Of The Insurance Industry During Disaster Events”, Canberra, February 2012, [http://www.aph.gov.au/parliamentary\\_Business/Committees/House\\_of\\_Representatives\\_Committees?url=spla/insurance/report/fullreport.pdf](http://www.aph.gov.au/parliamentary_Business/Committees/House_of_Representatives_Committees?url=spla/insurance/report/fullreport.pdf), Chapter 7.

6 [http://codeofpractice.com.au/document\\_sections/7.17\\_and\\_7.18](http://codeofpractice.com.au/document_sections/7.17_and_7.18).

7 [https://www.legislation.gov.au/Details/F2015C00353\\_section\\_29D](https://www.legislation.gov.au/Details/F2015C00353_section_29D).

8 Catherine Uhr, Senior Solicitor/Consumer Advocate at Legal Aid Queensland, quoted in “Queensland Flood: Lessons Learnt”, Financial Ombudsman Service *Circular* 14, Winter 2013, <https://www.fos.org.au/the-circular-14-home/fos-forum/queensland-floods-lessons-learnt/>.

9 See “When Is A Flood Not A Flood?” *Sydney Morning Herald*, 6/1/11, <http://www.smh.com.au/environment/weather/when-is-a-flood-not-a-flood-20110105-19g0p.html>.

10 “Anger Mounts As NRMA Rejects ‘Sunny-Day’ Flood Claims”, *Brisbane Courier-Mail*, 22/2/11 <http://www.couriermail.com.au/archive/money/anger-mounts-as-nrma-rejects-sunny-day-flood-claims/story-fn3hskur-1226009681178>. NRMA is an insurance company in Australia.

11 Arthur Manning, “Cover Story: The History Of The State Insurance Office”, *State Insurance* 1980, pp.74-75.

12 Clive Trebilcock, “Phoenix Assurance And The Development Of British Insurance, Volume II: The Era Of The Insurance Giants 1870-1984”, Cambridge University Press 1985, pp.185-191; Arthur Manning, “Cover Story: The History Of The State Insurance Office”, *State Insurance* 1980, pp.13-17 and 31-33; *NZ Parliamentary Debates*, 1903 Vol.123 pp.547-579 for the Second Reading debate.

13 Quoted in Manning 1980 p.44.

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