

### Overview of common liability insurance products

Liability insurance can often be complicated so we've put together easy-to-understand descriptions of some of the common products.

**GENERAL/PUBLIC LIABILITY:** provides legal defence costs and damages for claims against accidental injury to a third party, or damage to their property caused by the activities of the business.

**STATUTORY LIABILITY:** covers individuals and the business for costs associated with the unintentional breach of the many New Zealand Acts of Parliament, like the Fair Trading Act, Privacy Act and Consumer Guarantees Act.

**PROFESSIONAL INDEMNITY:** if the advice or services provided by your business resulted in financial loss to a customer, due to an inadvertent mistake, this cover offers protection should legal action be taken against your business.

**CYBER LIABILITY:** covers your business should you suffer a security or data breach, computer hacking, ransom attack, or staff error, that results in loss of income. Can also cover defence costs, legal representation expenses and public relations costs due to the breach.

### What is re-insurance and why does it affect you?

Reinsurance is insurance for insurance companies. When an insurance company sells policies to clients, it takes on a lot of risk. The insurance company can purchase reinsurance from another company to help manage this risk. This means that the reinsurer agrees to cover some of the losses that company might face.

That's why when big events happen globally, like flooding or a major earthquake, it can affect your premiums here in New Zealand.

Reinsurance is crucial because it helps insurance companies manage their risks and ensures they can continue to provide coverage to their customers, even after major disasters.



### Do you have a fire escape plan for your home?

House fires can kill in less than 3 minutes so it's worth doing an annual check to make sure you and your family have an escape plan.



Check out the handy planning tool from the Fire Emergency New Zealand website and create your escape plan.

[Escape plan](#)

## What is a rainy day fund?

This is an emergency fund of easily accessible money that is set aside for unplanned expenses. Ideally, this account should contain enough funds to cover 3 months worth of your household expenses, but build this amount up over time.

Rainy day funds are for **UNEXPECTED** events such as:



Loss of income



Medical bills



Car breakdowns



Insurance excess



Home fixes



Redundancy

Rainy day funds are **NOT** for things like:



Holidays



Christmas



Impulse Buys



Entertainment



Birthday gifts



Shopping

- You must feel comfortable that you have control of your rainy day fund and can gain access to this fund within 24-48 hours
- Avoid relying on your credit card
- Build up the account again if you have had to use some of the funds
- Think of a rainy day fund as a type of 'self-insurance' for when life throws you a curve ball

### Top Tip

**Keep your rainy day fund account at another bank so you don't see it and are not tempted to raid it for non-emergency purposes**

## Take control of your money

SortMe is an online personal finance software package designed to simplify and automate financial management. SortMe aims to revolutionise how users interact with their finances, providing a seamless and efficient solution to manage your money.

Get in touch if you would like to find out more about this exciting budgeting tool!

Just call us on 0800 474 825 and have a chat with one of our experts.

