

# DOLLAR\$ & \$ENSE

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## Nelson Branch Renovations

Nelson Branch is undergoing some extensive renovations to better meet the needs of its members. "We've done a number of minor renovations in the past few years" says Operations Manager Brian Turlock, "but this is the first extensive renovation to the Nelson premises since 1993, and it's long overdue!" Since 1993 the credit union has made effective use of divider screens and small contractor renovations to amend the premises to add Wealth Management and Financial Services for members. "I think the dividers worked well, and we've really been able to maximize the value to members by introducing new services without incurring huge overhead" says Turlock. "But we're committed to pursuing our Relationship Management program and that means it's time to set up the branch so that both members and staff are more comfortable doing business together." What does Relationship Management mean? Turlock describes it as "building and enhancing relationships with our existing members, with a secondary focus on attracting new members."

Under the leadership of Nelson Branch Manager Tara Keirn, the renovated Nelson branch will see the centralization of cash services which will include adding a 2nd 24 hour access ATM and a newly remodeled Teller area. In addition there will be expanded workspaces for both small business and wealth management services, as well as a central reception area and improved handicap access.

"You're also going to see a new exterior" says Turlock, who advises that the facade of the branch will be remodeled to match that of the adjacent Allard Insurance Agencies building, which is also owned by the Credit Union. Low Bidder for the interior project was J Forsyth Contracting from Penticton, while the exterior contract was awarded to Dan Maglio Contracting of Nelson. "We were really lucky during the bidding process" says Turlock. "We had lots of competition for the work which made the bid prices competitive, and both contractors are employing a number of local subtrades, so we achieved a great balance of supporting local business while getting good value for the members' money!"

Work has already commenced and is expected to complete in early October.

## HOT STUFF



For the seventh straight year the weather was quite favourable for an outdoor event like StreetFest. In fact

it was almost too nice but thankfully the misting stations provided some relief from the heat. The credit union, a major sponsor of the event, kicked things off on July 18 by inviting 20 young artists to drop by and put down some chalk art masterpieces on our sidewalk (above photo). The crowds were once again amazed by the antics of performers like Duke Dreamer (top left) who along with roving entertainers like Organ Grinder Klaus provided a steady stream of entertainment throughout the three day event.

If you enjoy music, you were sure to find something to suit your taste buds at the StarBellyJam! The fifth annual event went off like clockwork and was another crowd pleaser. Featured in the photos at right and below are: Mushana Marimba - an 8-piece ensemble and Corbin Keep playing a mean cello!



Photos submitted by: John Smith

## Insurance Woes?



Vic Coulter-CAIBCCB  
Manager-Allard Insurance-  
Nelson & T.A. Lymbery  
Insurance-Crawford Bay

Anyone who has been paying attention to the news lately can not have escaped hearing about the "crisis" in the insurance business. If you have already received an insurance renewal this year you will probably have been less than amused at the amount your premium has jumped since last year. Worse still, renewal of your policy may have been declined by your company and your broker has had to scramble to replace the

coverage (usually at a much higher premium than your previous company). Why is all this happening to us on top of all the other bad

news out there? Well, actually the other bad news has much to do with it. Here in fairly simple terms is what happened.

Since the mid 1990s insurance companies have been pretty accommodating. Rates have been very competitive and virtually any class of business was acceptable to underwriters. The stock market was rising and interest rates were high enough so short term money could realize returns that were better than stuffing your cash under the floorboards. Insurers indulged in what the industry calls "cashflow underwriting" which means they did not care if they showed any profit on the actual premium income versus claims and overhead costs. They could do well enough on short term investments to make up the "underwriting losses" and still show a reasonable return. Companies were well capitalized. They had good reserves, which allowed them to accept new business without any worries about exceeding their government regulated ratio of reserve capital to risk. This is generally referred to as a "soft market".

What went wrong? Just about everything. Loss ratios (premium income minus claims costs) were rising steadily

The stock market went into decline and interest rates dropped to levels not seen since the early 1950s. The destruction of the World Trade Centre was catastrophic in both human and financial terms. The financial impact was mostly felt by the international re-insurance companies who saw their already depleted reserves come under severe strain. The magnitude of the WTC loss and the extraordinary amount of press it received tended to divert our attention from the other disasters taking place around the world including the worst flooding in modern history across Europe. Large "class action" law suits and increasing court settlements in the US, Canada and other countries have placed liability underwriters in a quandary. The result of all this is that we now have an industry which lacks the capacity to accept the wide range of risks which we all took for granted would be insurable just a year ago.

In order to increase their capacity companies have to increase their capital reserves again. They have to increase premiums to do this because they are certainly not going to do it on short term interest returns. It may be cold comfort but we were all getting a great deal on our insurance rates over the past five or six years. Insurance companies should have been charging us more-but the soft market and anxiety over "market share" kept premiums well below sustainable levels. We all have to accept the simple fact that insurance is a market driven commodity and when a commodity becomes subject to short supply the price goes up. By the same token, the market will eventually correct itself and hopefully some stability will return to rates and acceptability of new business. Remember when interest rates went over 20% in the early 1980s? Look at them now.

In the meantime don't feel singled out-everyone has to pay much more than in previous years and some people have been placed in a position where insurance is just not affordable or available.



## DON'T MISS THE BUS!

Are you the parent or grandparent of a child under 16 years of age? Invest as low as \$50 per month and your child is entitled to a 20% government grant towards post secondary education. This is a great way to help take advantage of one of the few opportunities the government provides to private citizens for "Grant" money. Act quickly and invest up to \$2000 per child annually and claim the full grant of \$400.

**That's A Great Return On Your Money.**

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