

Report No:	RFN11-08-15
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Date:	8 August 2011
<i>Information Only – no decision required</i>	

Report to: Corporate Services Committee
Meeting Date: 18 August 2011
Report Author: Murray Staite, Corporate Services Manager
Subject: **Insurance Update Report – RFN11-08-15**

This report has been completed to provide Councillors with an update on insurance matters.

1 Above-ground assets

Council has recently renegotiated its insurance cover for its above ground assets. This insurance cover has been arranged as part of a consortium between Marlborough District Council, Nelson Regional Sewerage, Marlborough Airport, NZ Aviation Museum Trust, Nelson City Council and the Tasman District Council.

While difficult to quantify in today's market it has been estimated that the consortium approach has saved between 25 and 30% on premiums.

Major benefits of the collective approach include:

1. Collective size and spread provides a greater profile to the market
2. Allowing the Group to obtain leverage from the market
3. Enhanced savings using different policy structures
4. Achieving higher limits for Fire & Earthquake as a group as distinct from individual placements.

Key Policy changes

Material Damage

1. Policy excess reduced from \$100,000 to \$10,000.
2. Earthquake excess 5% of the Material Damage site value, minimum \$5,000. Pre 1935 building 10% of Material Damage site value, Minimum \$10,000.
3. Fire loss limit across the Group of \$75 million any one loss and in the aggregate.
4. Earthquake loss limit across the Group \$150 Million any one loss and in the aggregate.

Motor Vehicle

1. Covers all vehicles owned, hired, leased or for which Council is responsible.
2. Policy is subject to a burning cost adjustment clause. This means that the premium in any one year is adjusted to claims.
3. Excess \$1,000 each and every claim, down from \$5,000.
4. Premium reduced by 25%

Rural Fire

1. Policy placed in the names of Tasman District Council, Waimea Rural Fires District, Marlborough District Council and the Marlborough North Rural Fire District.
Limit \$1,000,000 and one claim and in the aggregate (this is a shared limit).
2. Premium unchanged

2 Below-ground assets

As previously reported cover for below-ground assets is provided by the Local Authority Protection Programme (LAPP). LAPP has been able to secure 95 % of the cover they required albeit at an increased cost. Given the state of the insurance market this is good news and ensures a good level of cover for below-ground assets should any future events occur.

RECOMMENDATION/S

That the report be received

DRAFT RESOLUTION

That the Corporate Services Committee receives the Insurance Update Report RFN11-08-15, dated 8 August 2011.