



Insurance and Risk Overview Kaipara District Council

September 2018

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Agenda

- Existing Kaipara District Council Programme
- Current Insurance Market Overview
- Liability Issues
- Emerging Risks
- Questions



Current Insurance Programme



Kaipara District Council Current Insurance Programme

Policy	Renewal Date	Lead Insurer	Limit of Liability
Vertex Commercial Motor	1/11/18	NZI Insurance Ltd	\$640,500
Material Damage	1/11/18	AIG NZ Ltd	\$82,585,951
Statutory Liability	1/11/18	AIG NZ Ltd	\$2,000,000
General Liability	1/11/18	AIG NZ Ltd	\$50,000,000
Employee Liability	1/11/18	AIG NZ Ltd	\$1,000,000
Professional Indemnity	1/11/18	AIG NZ Ltd	\$50,000,000
Business Interruption	1/11/18	Vero Insurance NZ Ltd	AICOW - \$3,450,000 Claims Prep -\$1,000,000
Crime	1/11/18	AIG NZ Ltd	\$1,000,000
Personal Accident	1/11/18	Chubb Insurance NZ Ltd	\$100,000
Forestry	1/11/18	Primacy Underwriting Management Ltd	\$794,810

Current Insurance Market Overview



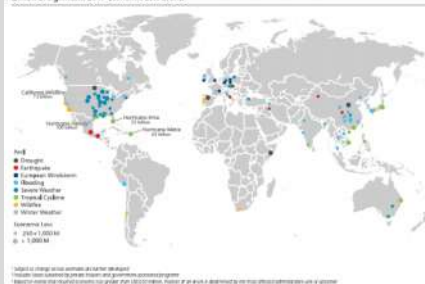
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Overview of Insurance Market and Trends

Cost of Natural Disasters - Globally

- 330 natural disasters in 2017, including wildfires, earthquakes and other perils
- In the Americas alone, Hurricanes Harvey, Maria and Irma had a total economic cost of \$220 billion.
- In the Asia-Pacific region, catastrophic summer floods caused more than \$12 billion in damage across China.
- In Southern Europe, an extended drought caused \$6.6 billion in damage across parts of Spain, Italy and Portugal.
- In Japan, four typhoons and a tropical storm left \$1.1 billion in economic losses.
- 2017 natural catastrophe losses were 93% higher versus the 2000-2016 average

Exhibit 2: Significant 2017 Economic Loss Events*



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Overview of Insurance Market and Trends



Cost of Natural Disasters – New Zealand

- Kaikoura Estimated Losses in excess of \$5b
- Recent Cyclones – \$1.19b??
- Domestic losses ~\$240M

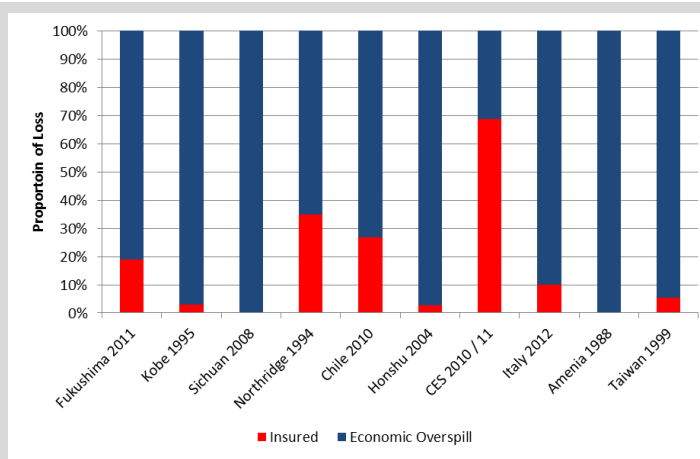
Impacts on Local Market

- Insurers are removing Capacity in EQ prone areas
- Rating Increases for Earthquake/Natural Disaster risks
- Increasing Cost of Re-insurance
- Overall rating increases
- Wellington risks seen 100% plus rating increases

Leading NZ Insurance company has suggested that if NZ suffers one more major earthquake loss the ability to purchase full EQ loss cover could be impacted



10 Most Costly Earthquakes



Liability Issues



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Southland Stadium



Edgecumbe Floods



Whanganui Floods



Liability Issues

- Joint and Several Liability
- Last Man Standing
- Future Land Use – Flooding / Coastal Erosion
- “Political Issues”



Liability Claims

- Do Not Admit Liability
- Early Notification Essential
- Engage with Insurers



Emerging Risks



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Drones



- Not insured under PL insurance
- Need a separate policy

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Why Have an Environmental Policy?

	Typical Public Liability Policy	Environmental Policy
Sudden and accidental pollution	Yes	Yes
Gradual pollution	No	Yes
1 st party clean-up costs (to clean up your own land)	No	Yes
Statutory clean-up (clean-up required by an regulatory notice)	No	Yes
3 rd party injury and property damage	Only from sudden and accidental pollution events	Yes
Civil fines and penalties	No	Yes
Natural resource damage	No	Yes
Emergency response costs	No	Yes
Asbestos	No	Yes
Defense costs	Only related to sudden and accidental pollution events	Yes

Aon Risk Solutions / Environmental Services Group

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Building Issues



Building Consents

- Building Defects - "Leaky" secondary damage
- Counterfeit Products



Council Collective Group Life



Council's Collective Group Insurance Plan

In response to a number of enquiries from NZ Local Councils to insure their staff, Aon Life Health & Benefits is pleased to provide a Collective Group Insurance facility available to all Local Councils. Aon has leveraged the buying power of the Local Councils to establish the following Group Insurance Package at preferential terms insured by Aetna Life – exclusive to the Councils.

Benefits

Group Life Insurance

- Death benefit lump sum of \$100,000 per member
- No medical questions asked
- World-wide 24/7 cover*
- Death by all causes
- Benefits paid to member's nominated estate.

*Excludes extreme or high-risk areas as determined by the NZ Government website www.safetravel.govt.nz/

Terminal Illness cover

Acceleration of the death benefit is paid if insured member is diagnosed with a condition where life expectancy is not greater than 12 months.

Funeral Advancement

\$10,000 advance payment on notification of death.

Personal Accident & Major Burns

A benefit is payable if a member suffers major burns, or an injury which directly results in a loss of physical function of a hand, foot, finger or sight.

Personal accident or major burn benefit will not pay if:

- Injury is result of deliberate act of self-harm;
- Direct result of participating in contact sport;
- Loss does not occur within 180 days of injury;
- If the loss/injury occurred before the cover commenced.

Maximum Benefits per Physical Loss

Physical Loss	Maximum Benefit
Major Burns (at least 20% of the body)	\$50,000
Both hands	\$50,000
Both feet	\$50,000
Entire sight of both eyes	\$50,000
One hand and one foot	\$50,000
One foot & entire sight of one eye	\$50,000
One hand	\$25,000
One foot	\$25,000
Entire sight of one eye	\$18,250
Thumb & index finger of either hand	\$12,500

Continuation Option

- Available up to age 70
- 90 days from exit date to apply for this option
- No medical questions
- Remain insured free of charge during the 90 days option period.

Cover Cease Age

*The insurance cover ceases on attainment of age 70.

Eligibility

Permanent Employees

All Full Time & Part Time employees who work a minimum of 18 hours per week and are under age 70.

Fixed Term Employees

Minimum of 3 months contract, work a minimum of 18 hours per week, and are under age 70.

Casual Staff

Minimum 6 months service and work an average of at least 10 hours per week for the past 6 months, and are under age 70.

Note

Members must be "Actively At Work" on their commencement of service date to qualify for automatic insurance i.e. not away due to illness or injury.

Contact Details

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Questions

