

A G E N D A

Finance, Audit and Risk Committee

**Council Chambers
36 Weld Street
Hokitika**

**Thursday 22 November 2018
Commencing at 9.30 am**

Deputy Mayor L.J. Martin – Chairperson
His Worship the Mayor R.B. Smith
Deputy Mayor Cr H.M. Lash
Crs D.L. Carruthers, Gray Eatwell, J.A. Neale,
D.M.J. Havill ONZM, G.L. Olson, D.C. Routhan
Kw. Francois Tumahai, Te Rūnanga o Ngāti Waewae
Kw. Tim Rochford, Te Rūnanga o Makaawhio



FINANCE, AUDIT AND RISK COMMITTEE

AGENDA FOR A MEETING OF THE FINANCE, AUDIT AND RISK COMMITTEE, TO BE HELD IN THE COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA ON THURSDAY 22 NOVEMBER 2018 COMMENCING AT 9.30 AM

COUNCIL VISION

We work with the people of Westland to grow and protect our Communities, our Economy and our unique natural environment.

Purpose:

The Council is required to give effect to the purpose of local government as prescribed by section 10 of the Local Government Act 2002. That purpose is:

- (a) To enable democratic local decision-making and action, by and on behalf of, communities; and
- (b) To meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

1. MEMBERS PRESENT, APOLOGIES AND INTEREST REGISTER:

1.1 Apologies & Leave of Absence

1.2 Interest Register

2. CONFIRMATION OF MINUTES:

2.1 Finance, Audit and Risk Committee Meeting– 25 October 2018

Pages 4-6

3. REPORTS FOR INFORMATION:

3.1 Financial Performance: October 2018

Pages 7-17

4. REPORTS FOR DECISION:

4.1 Insurance Arrangements 2018-2019

Pages 18-58

5. ITEMS FOR DISCUSSION:

5.1 Finance, Audit and Risk Committee Rolling Workplan

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6. MATTERS TO BE CONSIDERED IN THE 'PUBLIC EXCLUDED SECTION'

Resolutions to exclude the public: Section 48, Local Government Official Information and Meetings Act 1987.

Council is required to move that the public be excluded from the following parts of the proceedings of this meeting, namely:

6.1 Confidential Minutes – 25 October 2018

The general subject of the matters to be considered while the public are excluded, the reason for passing this resolution in relation to each matter and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of the resolution are as follows:

Item No.	Minutes/ Report of	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
6.1	Confidential Minutes – 25 October 2018	Confidential Minutes	Good reasons to withhold exist under Section 7	Section 48(1)(a) & (d)

Finance, Audit and Risk Committee Minutes

MINUTES OF A MEETING OF THE FINANCE, AUDIT AND RISK COMMITTEE OF WESTLAND DISTRICT COUNCIL, HELD IN THE COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA ON THURSDAY 25 OCTOBER 2018 COMMENCING AT 9.30 AM

1. MEMBERS PRESENT, APOLOGIES AND INTEREST REGISTER:

1.1 Members Present

Deputy Mayor Cr L.J. Martin (Chair)
His Worship the Mayor R.B. Smith
Crs D.M.J. Havill (ONZM), J.A. Neale, G.L Olson, D.C Routhan, Cr Gray Eatwell,
Cr D.L Carruthers,

Apologies & Leave of Absence

Apologies: Kw. Francois Tumahai, Te Rūnanga o Ngāti Waewae and
Deputy Mayor Lash
Absent - Kw. Tim Rochford Te Rūnanga o Makaawhio

Moved Cr Olson, seconded Cr Routhan and **Resolved** that the apologies from Kw. Francois Tumahai, and Deputy Mayor Lash be received and accepted.

Staff in Attendance:

S.R. Bastion, Chief Executive; L.A. Crichton, Group Manager: Corporate Services;
D.R Inwood, Group Manager: District Assets; V.M Watson, Business Support
Officer/Committee Secretary.

1.2 Interest Register

The Chair Deputy Mayor Martin circulated the Interest Register and the following amendments were noted:

- Cr Neale – West Coast Riding for the Disabled – Committee Member and Contractor (Pecuniary as Contractor).
- Cr Carruthers – Consultant – Hannan and Seddon, Lawyers, Greymouth.
- Deputy Mayor Martin – Director, Destination Westland – Pecuniary (Actual).

2. CONFIRMATION OF MINUTES:

2.1 Finance, Audit and Risk Committee Meeting - 27 September 2018

Moved Cr Neale, seconded Cr Olson and **Resolved** that the Minutes of the Finance, Audit and Risk Committee Meeting held on the 27 September 2018 be confirmed as a true and correct record of the meeting.

3. REPORTS FOR INFORMATION

3.1 Quarterly Report

The Finance Manager spoke to this report and provided an overall financial summary. Confirmation from the Group Manager: District Assets that capital work is planned and programmed.

Moved Cr Carruthers, seconded Cr Neale and **Resolved** that the Quarterly Performance Report to 30 September 2018 be received.

4. ITEMS FOR DISCUSSION:

4.1 Finance, Audit and Risk Committee Rolling Workplan

The Group Manager Corporate Services spoke to the October Workplan and advised that there is a delay with Audit to review the Annual Plan, with a recommendation of adoption to Council.

Moved Cr Carruthers , seconded Cr Neale and **Resolved** that the Finance Audit and Risk Committee September Rolling Workplan be received.

5. MATTERS TO BE CONSIDERED IN THE 'PUBLIC EXCLUDED SECTION'

Moved Cr Olson, seconded Cr Neale and **Resolved** that the Finance, Audit and Risk Committee confirm that the public were excluded from the meeting in accordance with Section 48, Local Government Official Information and Meetings Act 1987 at 9.49 am.

Council is required to move that the public be excluded from the following parts of the proceedings of this meeting, namely:

5.1 Confidential Minutes – 27 September 2018

5.2 Risk Register

The general subject of the matters to be considered while the public are excluded, the reason for passing this resolution in relation to each matter and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of the resolution are as follows:

Item No.	Minutes/ Report of	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
5.1	Confidential Minutes 27 September 2018	Confidential Minutes – Finance, Audit and Risk Committee	Good reasons to withhold exist under Section 7	Section 48(1)(a) & (d)
5.2	Risk register	Financial, Technical, reputational risk.	Good reasons to withhold exist under Section 7	Section 48(1)(a) & (d)

This resolution is made in reliance on Section 48(1)(a) and (d) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

No.	Item	Section
5.1	Protect the privacy of natural persons, including that of deceased natural persons. Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	Section 7(2)(a) Section 7(2)(i)
5.2	Protect the privacy of natural persons, including that of deceased natural persons. Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	Section 7(2)(a) Section 7(2)(i)

Moved Cr Olson, seconded Cr Neale and **Resolved** that the business conducted in the “Public Excluded Section” be confirmed and accordingly the meeting went back to the open part of the meeting at 10:48 am.

MEETING CLOSED AT 10:48 AM

Confirmed by:

Deputy Mayor Latham Martin
Chair – Finance, Audit and Risk Committee

Date

Report



DATE: 22 November 2018
TO: Mayor and Councillors
FROM: Finance Manager

FINANCIAL PERFORMANCE: OCTOBER 2018

1 SUMMARY

- 1.1 The purpose of this report is to provide an indication of Council's financial performance for four months to 31 October 2018.
- 1.2 This issue arises from a requirement for sound financial governance and stewardship with regards to the financial performance and sustainability of a local authority.
- 1.3 Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by Council as part of the Long Term Plan 2018-28. These are stated on Page 2 of this agenda.
- 1.4 This report concludes by recommending that Council receive the financial performance report to 31 October 2018, attached as **Appendix 1**.

2 BACKGROUND

- 2.1 Council receives monthly financial reporting so that it has current knowledge of its financial performance and position against targets and objectives adopted in the Long Term Plan 2018-28.

3 CURRENT SITUATION

- 3.1 Council now receives a monthly financial summary report in a consistent format.

3.2 The Financial Performance Report to 31 October 2018 is attached as **Appendix 1** and contains the following elements:

3.2.1 Segmental graphs for net cost of services, operating revenue and expenditure with the addition of the actual amounts.

3.2.2 Update on Rates Debtors.

3.2.3 Whole of Council Cost of Service Statement.

3.2.4 Variance analysis

3.2.5 Council approved unbudgeted expenditure

3.2.6 Debt report including budgeted debt, forecast debt and actual debt.

3.2.7 Capital Expenditure 2018-19

4 OPTIONS

4.1 Council can decide to receive or not receive the report.

5 SIGNIFICANCE AND CONSULTATION

5.1 This report is for information only and, while feedback is invited from Council in order for staff to continuously improve the quality of information provided, no assessment of significance or consultation and no options analysis is required.

6 RECOMMENDATION

A) **THAT** Council receives the Financial Performance Report to 31 October 2018.

Lavinia Hamilton
Finance Manager

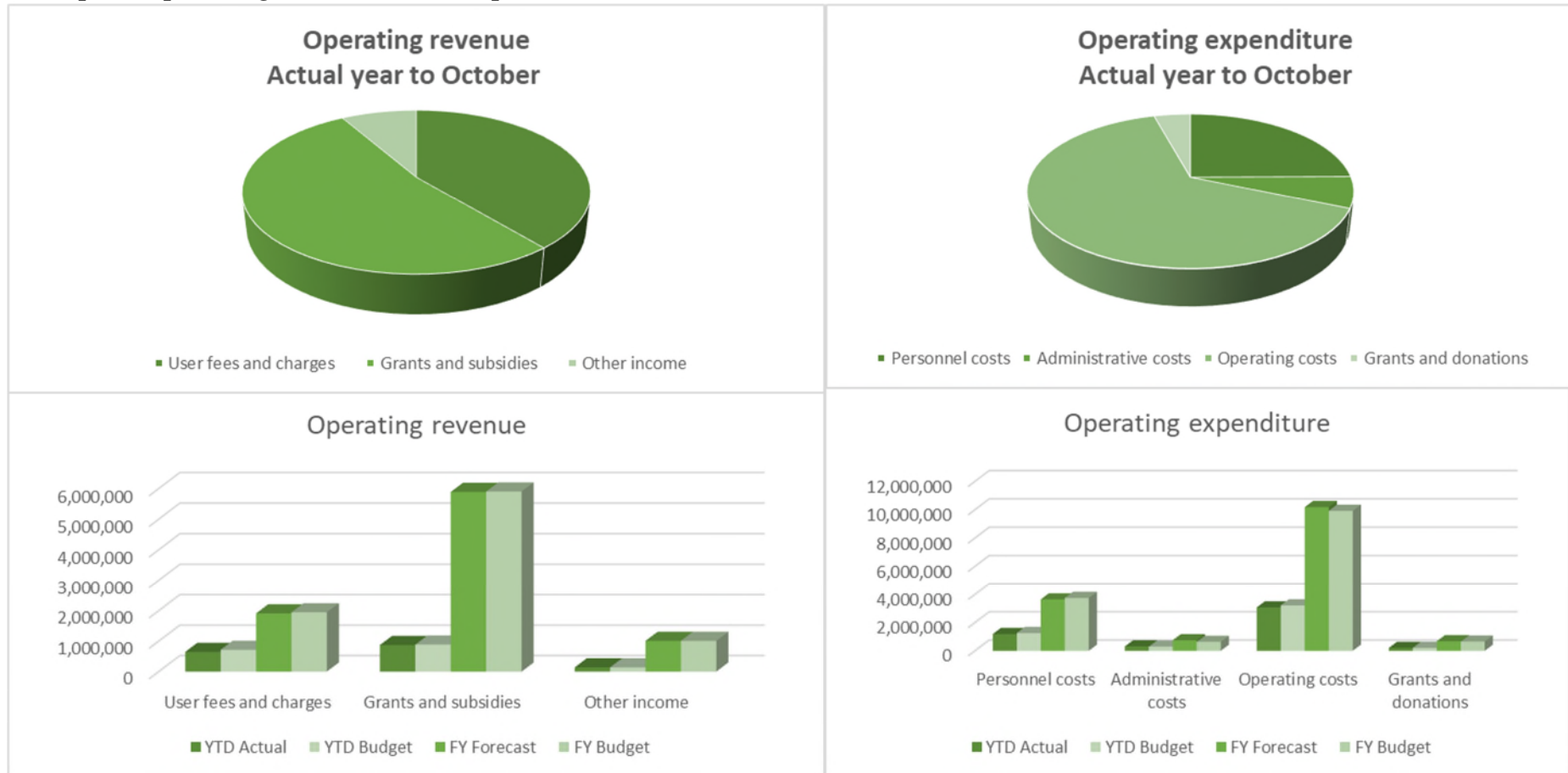
Appendix 1: Financial Performance October 2018

Appendix 1



Financial Performance October 2018

Graphs: Operating Revenue and Expenditure



	User fees & Charges	Grants & Subsidies	Other Income
Actual YTD	645,696	872,456	138,364
Budget YTD	714,363	886,890	138,559
Variance	(68,667)	(14,434)	(195)
FY Forecast	1,909,261	5,889,656	1,007,859
FY Budget	1,945,649	5,904,264	1,009,013

	Personnel	Administration	Operating	Grants & donations
Actual YTD	1,191,927	312,850	3,083,672	205,853
Budget YTD	1,260,907	295,666	3,222,691	210,133
Variance	(68,980)	17,184	(139,020)	(4,280)
FY Forecast	3,650,464	752,411	10,190,355	676,369
FY Budget	3,749,231	638,573	9,921,209	656,620

Rates Debtors as at 31 October 2018

Rates Debtors at 30 September 2018		872,553
Rates instalment	3,566,786	
Less payments received	- 435,434	
Paid in advance change	- 642,992	
Previous years write off's	- 3,746	
Write off's	- 3,821	
Penalties	- 1,336	
Discounts	1	
Court costs awarded	759	
		2,480,217
Total Rates Debtors at 31 October 2018		3,352,768
Arrears included above at 31 October 2018	3,352,768	
Arrears at 30 September 2017	3,436,255	
Increase/(decrease) in arrears		-83,487

Debt Management October 2018

FY Year	Oct-18	Oct-17	Sep-18
Pre-2013	42,248.76	68,427.07	42,248.76
2013-14	38,902.40	47,652.40	38,902.40
2014-15	49,003.15	63,449.49	49,303.15
2015-16	51,384.45	71,808.99	52,794.15
2016-17	66,509.38	260,557.83	67,580.48
2017-18	233,359.83	2,924,358.05	270,658.35
Current	2,871,360.05		
Total	3,352,768.02	3,436,253.83	521,487.29

Cost of Service Statement

WESTLAND DISTRICT COUNCIL	Year to October			Full Year 2018-2019	
	Actual	Budget	Variance	FY Forecast	Budget
Operating revenue					
Rates (includes targeted rates and metered water)	7,065,364	7,074,953	(9,589)	15,706,106	15,706,106
User fees and charges	645,696	714,363	(68,667)	1,909,261	1,945,649
Grants and Subsidies	872,456	886,890	(14,434)	5,889,656	5,904,264
Other income	138,364	138,559	(195)	1,007,859	1,009,013
Overhead recoveries	2,418,938	2,341,849	77,089	7,252,637	7,175,548
Total revenue (A)	11,140,819	11,156,615	(15,796)	31,765,519	31,740,580
Operating expenditure					
Personnel costs	1,191,927	1,260,907	(68,980)	3,650,464	3,749,231
Administrative costs	312,850	295,666	17,184	752,411	638,573
Operating costs	3,083,672	3,222,691	(139,020)	10,190,355	9,921,209
Grants and donations	205,853	210,133	(4,280)	676,369	656,620
Overheads	2,414,250	2,322,960	91,289	7,209,423	7,118,134
Total operating expenditure (B)	7,208,551	7,312,357	(103,806)	22,479,023	22,083,767
Net operating cost of services - surplus/(deficit) (A - B)	3,932,268	3,844,258	88,010	9,286,496	9,656,813
Other expenditure					
Interest and finance costs	227,751	252,223	(24,473)	732,197	756,670
Depreciation	2,031,859	1,976,272	55,587	5,984,402	5,928,815
(Gain)/loss on investments	-	-	-	-	-
(Gain)Loss on swaps	49,614	65,258	(15,643)	180,130	195,773
(Gain)Loss on disposals	-	-	-	-	-
Total other expenditure (C)	2,309,224	2,293,753	15,472	6,896,730	6,881,258
Total expenditure (D = B + C)	9,517,775	9,606,110	(88,334)	29,375,752	28,965,025
Net cost of services - surplus/(deficit) (A - D)	1,623,043	1,550,505	72,539	2,389,767	2,775,555

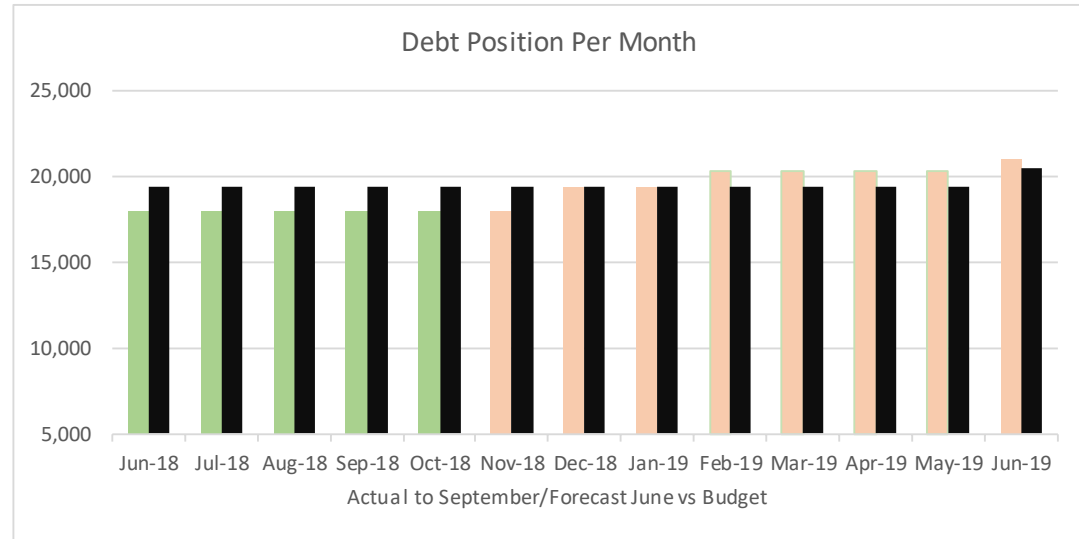
Variance Analysis

Operating Revenue	
Rates revenue	On target
User fees and charges	Below budget by 69k. Animal control (37k) is now in-house and should meet budget in the next quarter. Hokitika trade waste was less than expected by 12k, refuse site fees below budget by 11k. The reasons for the variances are not yet known, we need to investigate further.
Grants and Subsidies	NZTA subsidy is expected to match budget by the end of the financial year.
Other Income	On target
Operating Expenditure	
Personnel costs	Personnel costs are 69k below budget, due to unfilled vacancies at the start of the financial year. Some of these vacancies have now been filled.
Administrative costs	Administrative costs have exceeded budget by 17k due to computer operating costs related to the unbudgeted HR software, which is a shared cost with WCRC.
Operating costs	Operating costs are 139k below budget, but are forecast to exceed budget due to unbudgeted Health and Safety costs, this is a shared cost with WCRC, and additional audit fees due to the delay in the annual report.
Grants and Donations	These fluctuate due to timing but are on budget.
Other Expenditure	
Depreciation	Up by 55k due to project capitalisation and building revaluation.
(Gain)/Loss on Swaps	Swap values are based on market factors and are difficult to predict. Any gain or loss on swaps would not materialise unless swaps were cashed in before maturity.

October Debt Position

Forecast Debt Position per Long Term Plan for the 2018-19 Financial Year

Forecast as at	Oct-18
Opening Balance	18,018
Loan funded capex forecast	4,610
Forecast repayments 2018-19	(1,571)
Forecast balance June 2019	21,058



	Debt Position per month												
	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Budget	19,402	19,402	19,402	19,402	19,402	19,402	19,402	19,402	19,402	19,402	19,402	19,402	20,446
Forecast at 1 July 2017	18,018	18,018	18,018	18,018	18,018	18,018	19,401	19,401	19,401	19,401	19,401	19,401	20,446
Actual + Forecast	18,018	18,018	18,018	18,018	18,018	18,018	19,401	19,401	20,301	20,301	20,301	20,301	21,058
Waste Management loan	2,207	2,207	2,207	2,207	2,207	2,207	2,307	2,307	2,307	2,307	2,307	2,307	2,172
Water Supply loan	2,178	2,178	2,178	2,178	2,178	2,178	2,447	2,447	2,947	2,947	2,947	2,947	3,358
Wastewater loan	1,485	1,485	1,485	1,485	1,485	1,485	1,785	1,785	1,785	1,785	1,785	1,785	2,679
Structured Infrastructure loan for Council assets	7,845	7,845	7,845	7,845	7,845	7,845	7,845	7,845	7,845	7,845	7,845	7,845	7,845
Stormwater loan	702	702	702	702	702	702	702	702	1,102	1,102	1,102	1,102	1,465
Transportation	685	685	685	685	685	685	685	685	685	685	685	685	658
Vehicle loan	44	44	44	44	44	44	44	44	44	44	44	44	34
Cass Square	109	109	109	109	109	109	109	109	109	109	109	109	123
Conveniences	165	165	165	165	165	165	598	598	598	598	598	598	543
Other	60	60	60	60	60	60	341	341	341	341	341	341	661
Hokitika Water supply upgrade	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	1,519

Capital Projects

Capital Projects 2018-19		31/10/2018		Legend - Key		
		Forecast on Budget				Project Delayed - Will not be completed by 30th June 2019
		Forecast over Budget				Project on-Track - Will be completed by 30th June 2019
						Project Complete - 100% Progress
Project / Activity	YTD Exp	2018-19 Budget	Forecast	Budget Track	Progress / Track	Progress Comments
LEADERSHIP						
Information Management - DMS	3,481	50,000	50,000			
IT Equipment renewals - Annual Network	2,640	32,000	32,000			
IT Equipment renewals - Upgrades to workstations	2,935	12,000	12,000			
IT Equipment renewals - Webcam replacement		2,500	2,500			
IT Equipment renewals - Disaster recovery servers		40,000	40,000			
Council HQ - Refurbishment	24,111	100,000	100,000			Project in progress
IT Equipment renewals - Civil Defence Laptop		5,000	5,000			
Civil Defence - Civil defence Kits	3,474	4,800	4,800			
IT Equipment renewals - Councillors Tablets	1,618		1,618			
	38,259	246,300	246,300			
LIBRARY						
Library - Electrical upgrade	4,627	29,300	29,300			Slightly delayed but will complete by 30th June 2019
Library - Audio/Visual Resource	650	4,324	4,324			
Library - Books	10,410	45,403	45,403			
Library - Large Print Books	1,055	6,486	6,486			
	16,743	85,513	85,513			
WATER SUPPLY						
Kumara - Mains upgrade programme		15,000	15,000			
Kumara - Treatment Components upgrade programme		2,778	2,778			
Kumara - Disinfection upgrades programme		2,222	2,222			
Kumara - Telemetry		3,333	3,333			
Arahura - Treatment Components upgrade programme		2,778	2,778			
Arahura - Disinfection upgrades programme		2,222	2,222			
Arahura - Telemetry		3,333	3,333			
Arahura - Water treatment plant		365,000	365,000			Consultation & investigation phase
Hokitika - Mains upgrade programme	17,503	300,000	300,000			Project in progress
Hokitika - Pumps Upgrade Brickfield		25,000	25,000			
Hokitika - Water meter replacements		90,000	90,000			Contractor engaged
Hokitika - Generator		45,000	45,000			Now purchased - awaiting invoice
Hokitika - Treatment Components upgrade programme		2,778	2,778			
Hokitika - Disinfection upgrades programme		2,222	2,222			
Hokitika - Telemetry		3,333	3,333			
Ross - Mains upgrade programme		120,000	120,000			Project in progress
Ross - Building Repairs and Stabilisation		15,000	15,000			Investigation underway
Ross - Water Source		20,000	20,000			
Ross - Treatment Components upgrade programme		2,778	2,778			
Ross - Disinfection upgrades programme		2,222	2,222			
Ross - Telemetry		3,333	3,333			
Hari Hari - Mains upgrade programme		15,000	15,000			
Hari Hari - Treatment Components upgrade programme		2,778	2,778			
Hari Hari - Disinfection upgrades programme		2,222	2,222			
Hari Hari - Telemetry		3,333	3,333			
Whataroa - Treatment Components upgrade programme		2,778	2,778			
Whataroa - Disinfection upgrades programme		2,222	2,222			
Whataroa - Telemetry		3,333	3,333			
Franz Josef - Mains upgrade programme		90,000	90,000			Project in progress
Franz Josef - Raw Water Source	2,514	220,000	220,000			In progress- consultation with DOC/westoads procuring materials
Franz Josef - Blower Electrics & SCADA		32,000	32,000			
Franz Josef - Treatment Components upgrade programme	4,947	2,778	4,947			
Franz Josef - Disinfection upgrades programme	1,161	2,222	2,222			
Franz Josef - Telemetry		3,333	3,333			
Fox Glacier - Plant upgrade		400,000	400,000			Project in progress
Fox Glacier - Mains upgrade programme		80,000	80,000			Project in progress
Fox Glacier - Treatment Components upgrade programme		2,778	2,778			
Fox Glacier - Disinfection upgrades programme		2,222	2,222			
Fox Glacier - Telemetry	2,934	3,333	3,333			
Haast - Treatment Components upgrade programme		2,778	2,778			
Haast - Disinfection upgrades programme		2,222	2,222			
Haast - Telemetry		3,333	3,333			
	29,060	1,907,000	1,909,169			
WASTEWATER						
Hokitika - WWTP upgrade	15,153	275,000	275,000			Equipment procurement in progress
Hokitika - Mains upgrade programme	40,089	60,000	60,000			condition rating in progress
Hokitika - Pump upgrade	2,221	20,000	20,000			
Hokitika - Pump upgrade (Kaniere)		130,000	130,000			
Hokitika - Kaniere Road catchment		50,000	50,000			
Hokitika - WW Network Growth		2,500	2,500			
Franz Josef - WWTP upgrade	331,276	2,250,000	2,250,000			Receiving tenders
Franz Josef - WW Network Growth		2,500	2,500			
Fox Glacier - Mains upgrade programme		32,000	32,000			
Fox Glacier - WWTP upgrade		100,000	100,000			Planned work to desludge pond this financial year
Fox Glacier - WW Network Growth		2,500	2,500			
Haast - WW Network Growth		2,500	2,500			
	388,739	2,927,000	2,927,000			

STORMWATER						
Hokitika - Mobile generator		30,000	30,000			
Hokitika - Mains upgrade programme	6,173	25,000	25,000			Project in progress
Hokitika - Pump upgrade (Tancred)		200,000	200,000			New pump purchase October
Hokitika - Pump upgrade (Sewell)		100,000	100,000			
Hokitika - Pump upgrade (Rolleston)		20,000	20,000			
Hokitika - Pump upgrade (Hoffman)		50,000	50,000			
Hokitika - Extension Weld St		130,000	130,000			
Hokitika - Realignment Beach St		20,000	20,000			
Hokitika - Extension Jollie St	7,035	240,000	240,000			Asset investigation & design underway
Hokitika - Mains upgrade new developments	6,678	10,000	10,000			
	19,886	825,000	825,000			
SWIMMING POOLS						
Swimming Pool Ross - EQ strengthening	0	10,000	10,000			
	0	10,000	10,000			
COMMUNITY SERVICES DEVELOPMENT						
Footpath upgrades - Hokitika		27,000	27,000			Work projected to start early 2019
Footpath upgrades - Kumara	22,000	10,000	22,000			
Footpath upgrades -		3,000	3,000			
Footpath upgrades - Kaniere		1,000	1,000			
Footpath upgrades -		3,000	3,000			
Footpath upgrades -		20,000	20,000			
Footpath upgrades -		1,000	1,000			
Footpath upgrades -		1,500	1,500			
Footpath upgrades -		1,500	1,500			
	22,000	68,000	80,000			
ELDERLY HOUSING						
Elderly Housing - Glazing and insulation	0	20,000	20,000			
	0	20,000	20,000			
WCWT						
West Coast Wilderness Trail - Enhancement	141,850	70,000	141,850			
	141,850	70,000	141,850			
SOLID WASTE						
Haast - Preparation for new cell		10,000	10,000			
Butlers - Site Shed		15,000	15,000			
	0	25,000	25,000			
LAND & BUILDINGS						
Buildings - Greypower windows		8,000	8,000			
	0	8,000	8,000			
I SITE & MUSEUM						
Museum - Photobooth		2,400	2,400			
i-Site - Booking Computers		7,500	7,500			
i-Site - Interactive mapping		11,780	11,780			
i-Site - Self service computers		4,900	4,900			
i-Site - Website development		10,000	10,000			
i-Site - Replacements of equipment		3,000	3,000			
	0	39,580	39,580			
PARKS & RESERVES						
Reserves - Waterfront development		50,000	50,000			
Reserves - Cass Square - Demolish Grandstand		15,000	15,000			Carried over. Awaiting decision
Reserves - Cass Square - Building improvements Pavillion		20,000	20,000			decision pending
Reserves - Cass Square - Rubber matting		20,000	20,000			Project completed. Awaiting invoicing
Reserves - Haast		10,000	10,000			
	0	115,000	115,000			
TRANSPORTATION						
Unsealed Road Metalling (3030)	94,323	286,500	286,500			Ongoing work
Sealed Road Resurfacing (3031)		850,000	850,000			Pending tender approval
Maintenance - Drainage Renewals (3032)	4,905	159,000	159,000			
Structures Component Replace (3033)		212,500	212,500			Ongoing work
Traffic Services Renewals (3034)	28,836	127,500	127,500			
Sealed Road Pavement Rehabilitation		80,000	80,000			To align with NZTA
Sealed Road Resurfacing (3070)		159,000	159,000			
Maintenance - Drainage Renewals		27,000	27,000			
Structures Component Replace (3072)	62	53,000	53,000			
Traffic services renewals	1,754	11,000	11,000			
Sealed Road Pavement Rehabilitation		150,000	150,000			Scoping in progress. Pre approval received
Low Cost Low Risk - Local		545,000	545,000			Scoping in progress. New criteria received
Low Cost Low Risk - SPR		35,000	35,000			
	129,881	2,695,500	2,695,500			
Total	786,417	9,041,893	9,127,913			

Council Approved Unbudgeted Expenditure

2018-2019

Dated Approved	Description	Amount Approved \$	Amount Spent \$	Status
Aug-18	Purchase of Land for Wastewater treatment plant	285,000	285,000	Sale and Purchase agreement being drafted
Aug-18	Funding of War memorial in France	1,300		\$100 per soldier, total currently unknown
Aug-18	Policy on Mining Conservation Land	20,000		
	IBIS Financial Reporting Software	50,000	34,360	Half Deposit paid, first site visit for setting up 1st week October, Approved amount is \$60,000 AUD conversion rate not known, savings in performance licence \$20,000
	Employment - mayors PA	21,120	5,042	Started Employment 10th September
	Hokitika Tourist Amenities Block (TIFF)	58,750		Total is Our contribution only
	Kumara Visitor Experience (TIFF)	61,350		Total is Our contribution only
	Whataroa Toilets (TIFF)	100,250		Total is Our contribution only
	Ross Toilets (TIFF)	106,750		Total is Our contribution only
	ELMO - HR Software	31,018	31,018	50/50 Split with WCRC
	Health & Safety Contractor	42,500		Total is Our contribution only
Total		778,038	355,420	

Report



DATE: 22 November 2018

TO: Finance, Audit and Risk Committee

FROM: Group Manager: Corporate Services

INSURANCE ARRANGEMENTS 2018-19

1 SUMMARY

- 1.1 The purpose of this report is to present the Committee with the Council's insurance arrangements for the year ending 1 November 2019.
- 1.2 Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in May 2018, which will be set out in the next Long Term Plan 2018-28. These are stated on Page 2 of this agenda.
- 1.3 This matter arises because insurance, as a component of risk management is contained in the Committee's Terms of Reference, scope of activity (d)ii and (1)ii.
- 1.4 This report concludes by recommending that the Committee approve the insurance arrangements for the year ending 1 November 2019.

2 BACKGROUND

- 2.1 In 2015 Council participated in a shared service arrangement with other West Coast councils for the purchase of material damage, indemnity and liability insurances. Following a competitive evaluation process, the LASS appointed Aon as its collective broker.
- 2.2 Until June 2018, the Insurance renewals were set for the period 1 July to 1 July the following year, however this does not align with other Councils across New Zealand, therefore AON requested that the West Coast Councils changed the renewal date to 1 November. All West Coast Councils agreed.

- 2.3 At August 2018 Finance, Audit and Risk Committee, the short term insurance renewal for the period 1 July 2018 to 1 November 2018 was approved.
- 2.4 At that same meeting, Council were made aware of the problems with Councils across New Zealand in obtaining liability insurance. This was due to the large value claims made by some Councils against the liability insurances. The result of this is that New Zealand Insurance companies are reluctant to offer liability insurance to Councils. AON informed all Councils on the scheme that they would need to look to overseas markets for liability insurance and that there would be an increase in costs going forward.

Westland District Council have not made any large claims against the liability insurance.

3 CURRENT SITUATION

- 3.1 Aon have been able to secure liability insurance, although as expected there is a large increase in the cost. Another outcome of the issues in obtaining liability insurance has been that the liability deductibles were deemed to be inadequate and these limits have also been increased. What this means for WDC is that if there is a claim under these policies, the deductible will be higher and WDC will need to meet that cost.
- 3.2 Council's budget for insurance for the 12 months is \$217,024. This does not include any insurance costs that will be recharged to Councils CCO's. The budget does however include insurance for the i-SITE and Museum, which have now transferred to the CCO and will also be recharged.
- 3.3 The renewal proposal from Aon for material damage, indemnity and liability insurances, and motor vehicle insurance is attached as **Appendix 1**. The material damage values have been updated for the revalued 2018 building values.
- 3.3 The total premium for these insurances is \$264,161.61 for the level of cover to stay the same, comparison with the previous year and short term annualised premium below.

Class of Business	Total Declared Values	2017/2018 Period	*Last Year (Short dated Renewal 30/06/2018 to 01/11/2018 Annualised)	This Year – no change to limits
Material Damage	\$51,230,318	\$144,496.21	\$173,298.53	\$182,334.21
Commercial Motor Vehicle	\$373,734	\$ 5,043.02	\$ 8,007.28	\$ 8,007.40
Public Liability		\$ 6,070.00	\$ 7,526.80	\$ 9,160.00
Professional Indemnity		\$ 13,710.00	\$ 17,000.40	\$ 32,300.00
Statutory Liability		\$ 1,750.00	\$ 1,950.00	\$ 1,950.00
Employers Liability		\$ 380.00	\$ 410.00	\$ 410.00
Fidelity/Crime		\$ 4,800.00	\$ 5,200.00	\$ 7,500.00
Directors and Officers Liability		\$ 3,750.00	\$ 5,000.00	\$ 12,500.00
Aon Service Fee		\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
TOTAL		\$189,999.23	\$228,393.01	\$264,161.61

- 3.4 Council completed Land and Building asset valuations as of 30 June 2018. The result of this informed the insurance decisions for this year and for future insurance renewal decisions. The result that AON have achieved for material damage cover for WDC in the current global market has been excellent. The overall increase 26% is based on the changes in asset values against a budgeted 10% increase.
- 3.5 For the liability policies, AON have recommended increases to the liability level to match with other Councils and to ensure that Council is adequately covered to include the changes in legislation for Health and Safety, which could potentially be a risk area for Council. Comparison below for the different levels of cover being offered for the insurance premiums;

Class of Business	Limit of Indemnity	Premium with no change to level of cover	Premium under option 1 level of cover	Premium under option 2 level of cover
Material Damage		\$ 182,334.21	\$ 182,334.21	\$ 182,334.21
Commercial Motor Vehicle		\$ 8,007.40	\$ 8,007.40	\$ 8,007.40
Public Liability	\$ 10,000,000	\$ 9,160.00		
Public Liability	\$ 50,000,000		\$ 10,179.00	\$ 10,179.00
Professional Indemnity	\$ 5,000,000	\$ 32,300.00		
Professional Indemnity	\$ 50,000,000		\$ 42,300.00	\$ 42,300.00
Statutory Liability	\$ 500,000	\$ 1,950.00		
Statutory Liability	\$ 1,000,000		\$ 2,925.00	
Statutory Liability	\$ 2,000,000			\$ 3,802.00
Employers Liability	\$ 500,000	\$ 410.00		
Employers Liability	\$ 1,000,000		\$ 615.00	
Employers Liability	\$ 2,000,000			\$ 798.80
Fidelity/Crime	\$ 500,000	\$ 7,500.00	\$ 7,500.00	\$ 7,500.00
Directors and Officers Liability	\$ 4,000,000	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00
Business Continuity			\$ 1,457.50	\$ 1,457.50
Aon Service Fee		\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
TOTAL		\$ 264,161.61	\$ 277,818.11	\$ 278,878.91

The above figures include costs that will be recharged to the CCO's Destination Westland and Westland Holdings Limited of approx. \$50k.

- 3.6 The insurance renewals were particularly difficult this year for the underground assets, this is primarily due to placing insurance for natural catastrophe due to global claims. This has caused a reduction in insurance capacity and a hardening of the rates.
- 3.7 The 8 Councils on the South Island Collective scheme also requested that the district limit was increased from \$250 million to \$300 million, the increase in premium that relates to increasing the limit by \$50 million is only \$2,796 for WDC. The total increase in premium is \$20,487.

Council	2017-18 Premium for \$250m collective limit	2018 allocation for \$50m layer	Increased asset values and market increase	2018-2019 Premium for \$300m collective limit	actual increase (values + new layer + market increase)	% increase
Westland DC	\$ 75,000	\$ 2,796	\$ 92,691	\$ 95,487	\$ 20,487	18%

3.8 Council underground infrastructure cover is provided as part of the South Island Collective insurance. This offers similar cover to LAPP, in that 40% of any claim above the excess is covered by the scheme, with the remaining 60% theoretically covered through provisions of the Ministry of Civil Defence and Emergency Management. This is based on asset values of \$97,891,225.

3.9 As at 30 June 2018 the fair value of Council's fixed assets is \$442 million. The combined insurance proposals provide cover for approximately one third of the asset base, being primarily 3 waters assets, buildings, contents and vehicles.

3.10 The remaining assets, self-insured by Council, are roads, bridges and land.

3.11 Council now owns and uses a drone for the purpose of aerial imagery, construction surveys, emergency works inspections, quantity surveys. Insurance for flying drones is not included in any of the liability insurances, and as Council operates a drone there is a need to purchase drone insurance. The premium quoted by AON for drone insurance is approximately \$660 for an indemnity limit of \$2,000,000.

4 RECOMMENDATIONS

- A) **THAT** the Committee approve the renewal of material damage, liability and indemnity insurances with the increased Indemnity limits as proposed by Aon for \$278,878.91 excluding GST, attached as **Appendix 1**.
- B) **THAT** the Committee approve the increase in limit from \$250m to \$300m, and renewal of underground infrastructure insurance for \$95,487 excluding GST.
- C) **THAT** the Committee approve Council staff to request AON to obtain drone liability insurance at the approximate cost quoted of \$660.

Lesley Crichton
Group Manager: Corporate Services

Appendix 1: Aon Renewal Summary 2018-19



Renewal Report



October 2018

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This report contains information which is confidential to Westland District Council and Aon New Zealand (Aon). Accordingly, we trust you will understand this report is given to Westland District Council and its officers and employees in confidence and may not be reproduced in any form or communicated to any other person, firm or company without the prior approval of Aon.

Edition LEGAL-180731 | RENEWAL REPORT - WESTLAND DC



Introduction

We are pleased to present to you a summary of renewal terms negotiated with insurance markets in respect of Westland District Council's insurance programme for the period 01/11/2018 to 01/11/2019. This report contains information which is confidential to Westland District Council and Aon New Zealand (Aon).

We trust this report is to your satisfaction and look forward to receiving your renewal instructions.

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Important Notices

As your insurance advisor, we want to draw your attention to certain important matters that relate to your insurance.

For the purposes of this document, the following words (and any variation of them) that appear in bold shall mean the following:

- (i) **Aon/we/us/our** - Aon New Zealand; and
- (ii) **you** - an Aon client who instructs us or for whom we may provide services.

1. Advice Given for Your Benefit

Any advice, report or information that we provide is given solely for your benefit and cannot be given to or relied upon by any third party without our prior written consent.

2. Aon Terms of Business

Except as otherwise agreed (in writing), you agree that Aon's Terms of Business apply to the provision of our services. These terms are available here:

<https://www.aon.co.nz/About-Aon/Terms-of-Business>

and apply to all new business and renewals.

You accept these terms by continuing to instruct us.

Key provisions include:

- Our obligation to perform our services competently, with reasonable care, skill and integrity.
- Your obligation to supply us with all material information and facts in relation to the provision of our services, (relevant information includes all information and facts that may be material to an insurer's assessment of a risk for which you have asked us to arrange insurance cover).
- Our remuneration. Aon may receive consideration from insurers, banks and/or finance companies with whom we place insurance and associated services, on your behalf.
- Service and administration fees: minimum fees may apply;
- Limitation of liability: Among other things, to the extent permitted by law:
 - our aggregate liability in respect of any claims howsoever arising in connection with the terms or our services is limited to NZ\$1 million or such other amount as may be expressly agreed between us in writing; and
 - we are not liable for any consequential, incidental, indirect or special damage or loss of any kind.

3. Business Description

It is important that the business description declared in your proposal for insurance is full and accurate. You need to check that this description is reflected accurately in the policy. Insurers will only indemnify you for claims that arise from your business as described in the policy (subject to the other terms of the policy).

4. Change of Circumstances must be notified

It is also important that you advise your insurer of any material changes to your business or circumstances (including location change, change in size or value, increase in number of premises/sites owned or occupied, any mergers or acquisitions, or the nature of business activities) that may occur during the period of insurance. We can assist you in notifying the insurer of any material changes or circumstances.

5. Claim Notification

You are responsible for notifying claims or potential circumstances that may give rise to a claim, in accordance with the terms of your policy. In presenting a claim it is your responsibility to disclose all facts which are material to the claim. You should familiarise yourself with the specific coverage conditions and procedures relating to claims and their notification under the policy. Failure to adhere to those requirements and report a claim or circumstance in a timely manner, may jeopardise coverage or entitle insurers to disclaim liability.

6. Claims Made

Directors' and Officers' Liability, Crime, Professional Indemnity, and Trustees' Liability policies, and some other liability policies are typically written on a "Claims Made" basis.

This means that the policy responds to claims first made against you and notified to the insurer in writing during the period of insurance, provided that the originating act or omission occurred after any retroactive date (see Retroactive Date below). Where you give notice in writing to the insurer of any facts that might give rise to a claim against you as soon as reasonably practicable after you become aware of those facts, but before the expiry of the period of insurance, the policy will, subject to its terms and conditions, provide cover even if that claim is made after the expiry of the period of insurance.

In order to ensure any entitlement to indemnity under the policy is protected, you must report all incidents or circumstances that may give rise to a claim against you to the insurer without delay prior to expiration of the policy period.

Retroactive Date

Directors' and Officers' Liability, Crime, Professional Indemnity, and Trustees' Liability policies, and some other liability policies are written on a "Claims Made" basis may have a retroactive date.

This means that coverage is limited to acts and omissions that occur or are alleged to have been committed on or after the retroactive date. For example, if you have a retroactive date of 1 July 2017, the policy will not cover a claim arising from acts or omission occurring prior to that date. If this applies, please ensure that the retroactive date you select is sufficient and that you have no uncovered periods.

7. Contractual Liabilities

Insurers may only provide indemnity for liabilities that arise from your common law obligations arising from the conduct of your business. Where you have entered into a contract with another party that extends your liability beyond what you would have been liable for had the contract not been in place, you may not be indemnified for these assumed liabilities under your policy. Further, you may not be indemnified for any express guarantees or warranties which extend beyond common law obligations, unless liability would have attached in the absence of any express guarantee or warranty.

8. Duty of Disclosure

Before **you** enter into a contract of general insurance, **you** have a duty to disclose to the insurer every matter that **you** know, or could reasonably be expected to know, may affect the insurer's decision to insure **you** and on what terms. **You** have that duty after the proposal, and up until the time the insurer agrees to insure **you**. **You** have that duty before you renew, extend, vary or reinstate a contract of general insurance.

You do not need to tell the insurer anything that:

- reduces the risk;
- is common knowledge;
- **your** insurer knows or should know as an insurer; or
- the insurer waives compliance with relating to **your** duty of disclosure.

If **you** are uncertain about whether or not a particular matter should be disclosed to the insurer, please contact **your** Aon Client Relationship Manager.

Non-disclosure

If **you** do not tell your insurer anything **you** are required to, the insurer may cancel **your** contract or reduce the amount that it is required to pay **you** if **you** make a claim, or both. If **your** failure to disclose is fraudulent, the insurer may refuse to pay a claim and treat the contract as if it never existed.

Disclosure by Subsidiary, Related & Associated Entities

Where cover is arranged for subsidiary, related or associated entities, those entities have the same duty of disclosure as the named insured. Please ensure that each such entity is made aware of its disclosure obligations and makes the necessary disclosures in the proposals for insurance.

9. Insured Description

It is important that the description of all entities and persons sought to be insured in **your** proposal for insurance is full and accurate. **You** need to check that this description is reflected accurately in the policy and policy schedule.

10. Interest of Other Parties

Your policy/policies may exclude cover for an interest in the insured property held by someone other than the named insured, unless that interest is specifically noted on the policy. For example, if property is jointly owned, leased or subject to finance, the interest of the joint owner, lessor or financier may be excluded if it is not specifically noted on the policy. Generally, the safest course is always to have all interests in all property insured noted on each policy. If anyone other than **you** has an interest in property **you** are insuring, please let us know.

11. Leasing, Hiring and Borrowing Property

When **you** lease, hire or borrow property, plant or equipment, make sure that the contract clearly identifies who is responsible to insure the property under contract. Please contact **your** Aon Client Relationship Manager should **you** have an obligation to insure such property.

(IMPORTANT NOTICES edition: 31 July 2018)

12. Occurrence Basis

Combined General Liability, Material Damage/Business Interruption, Travel, Aviation, Contract Works, and Marine policies and some other policies are written on an "occurrence" basis. This means that the policy responds to claims when the incident occurred or when the injury, loss or damage manifested itself, not when the claim itself was received.

13. Policy Warranties and Conditions

Your policy may contain warranties and/or conditions that may impose specific obligations which must be complied with. Failure to do so may invalidate **your** policy or enable insurers to disclaim liability.

14. Recovery Rights/Hold Harmless/Waiver of Subrogation

Many policies exclude or limit the insurer's liability if **you** enter into an agreement that excludes or limits **your** rights of recovery against third parties whose acts, errors, omissions or other conduct have caused or contributed to **your** loss or liability.

15. Schedule of Values or Property Insured

In New Zealand, the Schedule of Values (also known as the Schedule of Property Insured) typically attaches to the policy so as to:

- Limit insured property to only those assets listed on that Schedule of Values;
- Limit the maximum amount payable by the insurer for each asset to its declared value on the Schedule of Values with or without a margin; and
- Record the time limits applying to the Business Interruption section of the policy.

To avoid assets being uninsured or underinsured, it is therefore imperative that **you** carefully and thoroughly include and describe all insured assets on that Schedule of Values and have updated valuations from a registered insurance valuer for each insured asset prior to inception and renewal.

It also important to ensure that the business interruption indemnity period is adequate for **your** business. When selecting the indemnity period, it is important to know that the indemnity period is not just the time it takes for **your** building to be restored or contents replaced. It is the entire period that **your** business is affected by the disruption.

16. Understanding Your Policy Terms and Conditions

Please carefully review all documents we give **you** (including policies and endorsements) containing the terms of **your** cover (including applicable limits, sub-limits and deductibles and **your** obligations) to ensure that the cover suits **your** needs and so **you** understand and comply with **your** obligations under **your** policies. Failure to do this may result in uninsured losses. Please advise **your** Aon Client Relationship Manager immediately if **you** notice any mistakes of fact or believe the contents do not address **your** needs.

17. Utmost Good Faith

Every contract of insurance is based on the principle of utmost good faith, requiring each party to act towards the other party in respect of any matter arising under or in relation to the contract, with the utmost good faith. If **you** fail to do so, you may prejudice **your** rights under the policy and in particular, any claim.

Executive Summary

Firstly, we would like to thank you for your help in providing the required renewal documentation. We have been working hard to secure renewal terms, and the liabilities have proven particularly difficult and time consuming, so we do apologise for the delay in presenting these terms.

The following summary provides an overview of the marketing and renewal outcomes for the major classes of business, and we also provide more detailed commentary on the current insurance market conditions later in the report.

Material Damage and Business Interruption

For the reasons detailed later in this report under the Insurance Market update, we have seen continued rating increases applicable to these covers as the supply of global capacity reduces and underwriters look to apply rating increases to ensure sustainability of pricing.

By using Aon's market presence, we have been able to mitigate the impact of these rating increases by negotiating to keep the Expiring rates in which we negotiated back at the short-dated June Renewal.

Given the degree of rate increases we are seeing elsewhere in the market we believe the result we have achieved for Westland District Council here is an excellent one. You will however note an increase in the overall premium for the Material Damage, and this is purely as a result of the overall increase in Asset Value insured (noting the changes of various buildings from Indemnity Only value to now Replacement Value).

Liability

As previously discussed, due to a deterioration of the claims experience for the Local Government sector, especially in the building consenting space, we have had to change the insurer panel on this programme – not only for Westland District Council but for all Councils Aon act for, from a co-insurance arrangement of AIG and QBE to a Berkshire Hathaway lead followed by the old insurer QBE.

As the expiring pricing for these covers is no longer sustainable, we have unfortunately seen significant increases in both the Public Liability and Professional Indemnity lines.

These increases were higher than were originally anticipated but as discussed at the Council meeting in Christchurch earlier in the year the liability market for Council Liability Insurance is very limited, and with the claims experience from the sector we do not have many insurers prepared to participate.

We have now seen the effects of the new Health and Safety legislation, and there has been an increase in the levels of reparations that have been applied as a result of workplace injuries. However despite this the Employers & Statutory Liability premiums have remained unchanged since June.

Last year Westland District Council's Crime/Fidelity and Directors & Officers Liability policy was written 100% by QBE. However, following the change in insurer panel across the other Liability lines (across all the Aon Council collective) with Berkshire Hathaway now leading and QBE following, there was not the option this year to renew the Crime/Fidelity policy 100% with QBE. Unfortunately as a result you will note another increase in both premium and excess level on these covers as well. We have pushed Insurers hard in an attempt to achieve some premium relief from what was offered, however unfortunately we have been unable to secure any more favourable terms to what we are now presenting.

Please also note the following table of Policy Deductible changes applicable from this renewal:

Policy	Expiring Deductible	New Deductible
Public Liability	\$ 2,000	\$10,000
Professional Indemnity	\$10,000	\$25,000
Employers Liability	\$ 2,000	\$ 2,000
Statutory Liability	\$ 5,000	\$10,000
Crime / Fidelity	\$ 5,000	\$25,000
Directors & Officers Liability	\$ 1,000	\$25,000

Motor Vehicle

The claims experience for the New Zealand commercial motor portfolio has been deteriorating for a number of years. This coupled with an increase in repair costs as vehicles become more complex has seen an upward adjustment to the premium rating. In addition, to this the individual claims performance for each council is the main determining factor for the final premium rating.

Once again, we are very happy to confirm that we have managed to negotiate the expiring fleet rate with your current insurer from the short-dated June Renewal. This is a fantastic result considering the current market.

Recommendations

As discussed in our pre-renewal meeting there were a number of additional covers or increase policy limits we recommended you consider, and as such we have highlighted some premium options for your consideration.

Increased Liability Limits

We are concerned that some of the limits of indemnity Westland District Council is currently carrying are considerably inadequate, particularly when compared to other similar sized Council's Aon act for. Therefore we have obtained some options for increased limits which we would strongly recommend be considered:

Policy	Existing Limit of Liability	Increased Limit of Liability	Additional Annual Premium (excl GST)
Public Liability	\$5,000,000	\$50,000,000	\$ 1,019.00
Professional Indemnity	\$5,000,000	\$50,000,000	\$10,000.00
Employers Liability	\$ 500,000	\$ 1,000,000	\$ 205.00
		\$ 2,000,000	\$ 388.00
Statutory Liability	\$ 500,000	\$ 1,000,000	\$ 975.00
		\$ 2,000,000	\$ 1,852.00

Business Interruption

During our pre renewal discussions we mentioned the fact that at present WDC currently do not have any Business Interruption cover at all. This renewal we have given you the option to take this cover with some suggested starting limits of Additional Increased Costs of Working at \$500,000 and Claim Preparation Costs at \$50,000.

This is just a suggestion for coverage at the moment in order to give you an idea on scale of premium. These sums insured can be amended either up or down, as well as insuring Gross Profit, Wages (either on a 100% basis or Dual Wages Basis). We would be happy to discuss this further should you wish.

Limit of Indemnity	Deductible	Annual Premium (excl. GST)
<ul style="list-style-type: none"> ▪ Additional Increased Costs of Working \$500,000 ▪ Claim preparation Costs \$50,000 	Follows a Material Damage Loss	\$1,457.50

Drone Liability

As discussed, any liability incurred as a result of the use or operation of a Drone is specifically excluded from the Public liability policy. Therefore, to have any cover for this a specific Drone/Aircraft Liability policy will be required. As Westland District Council does own and operate a Drone we would recommend this additional cover is considered. We have received indicative terms from insurers based on the information previously provided.

For a Drone Liability policy with a Limit of Indemnity of \$2,000,000 we would be looking at, circa, an additional premium of \$660.00 + GST. It is also noted that these drones up to the value of \$2,000 Value can be added to the policy at an additional premium of \$250.00 + GST. We can supply you with the required proposal so that we can seek formal terms but should you wish to discuss this cover further please let us know.

Employment Disputes Liability

Unfortunately we were unable to obtain terms for this option before renewal as Insurers will require a fully completed proposal prior to considering offering terms. Should you wish us to pursue this line of cover please let us know so we can provide the necessary documentation for completion.

General Notes

As discussed, back in June we renewed the Airport Owners Liability through to 1 November 2019 and as such we have not included these schedules or commentary within this report.

Insurance Market Update June 2018

Whilst we provided this update in our Pre-Renewal Report we have provided a further copy of our Insurance Market Update below for your reference.

Overview

The New Zealand insurance market has entered a hardening phase with premium increases common across all classes and, in the case of the property segment, increases are accompanied by restrictions in capacity for locations in higher risk earthquake zones. Pressure on the profitability of local insurers is the main driver but options may be available from overseas insurance markets if required. It is key to keep in contact with your insurance advisers to ensure you're up to date with the latest market changes. Remember to prepare early for renewal and be ready to provide comprehensive risk information in order to achieve the best possible outcome for your insurance programme.

Property – New Zealand market

New Zealand markets have suffered significant losses from both the Canterbury and Kaikoura earthquake events. Following the Kaikoura earthquake in November 2016, where losses exceeding \$5 billion are projected, most insurers in New Zealand placed an embargo on accepting new property risks or increases to sums insured for risks in the Wellington and Marlborough regions. There are still some major insurers applying an embargo. Other New Zealand based insurers, while not applying the strict embargo, are still not offering additional capacity where there is an exposure to Wellington area risks. This capacity squeeze has tightened further recently with some insurers looking to significantly reduce their natural disaster exposure to the Wellington and other seismically active regions. This is resulting in premium increases for most and increases in excess levels for some.

In other parts of New Zealand, the impact is varied and is dependent on location, construction, age and New Zealand Building Standard (NBS) rating of the property. Auckland and the Waikato regions, which are both classed as low seismic zones, can expect minimal increases.

Insurers continue to require comprehensive information when assessing risks. This generally includes such items as building valuations, engineering and geotechnical reports (depending on location), risk management reports, council data, NBS rating, underlying land structure and status reports on any building improvement or strengthening notices issued by a local authority.

Obtaining natural disaster cover for earthquake prone buildings and buildings noted as at risk by councils remains difficult and expensive.

In addition to the seismic issues raised above, insurers are also looking closely at certain types of risks where there have been recent significant global losses. One specific area which may have an impact on New Zealand companies is the insurance of EPS (expanded polystyrene) type panelling, largely used in the primary industry sector. Insurers are requiring a significant amount of information regarding these types of risks including, but not limited to, detailed engineering fire reports. Additionally, insurers are cautious in underwriting properties with other higher risk building materials such as aluminium composite panelling, used on the exterior of buildings. Some of these panel products have a core of highly flammable polyethylene (refer Grenfell fire in the UK) which attracts punitive insurer terms and conditions.

The Fire and Emergency New Zealand Act brought significant change to the NZ Fire Service. The legislation repealed the two Acts that previously governed fire services in New Zealand and introduced a single New Zealand fire service called Fire and Emergency New Zealand or FENZ. The cost of the changes is being passed on to individuals and companies who buy insurance and the impact is significant. As part of the transition to the new regime, the Government increased the Fire Service Levy rate by 40% from 1 July 2017. Further changes, to the method of calculating fire service levies are currently scheduled for introduction on 1 July 2019, however there are indications that this might be delayed further as officials continue to debate these changes.

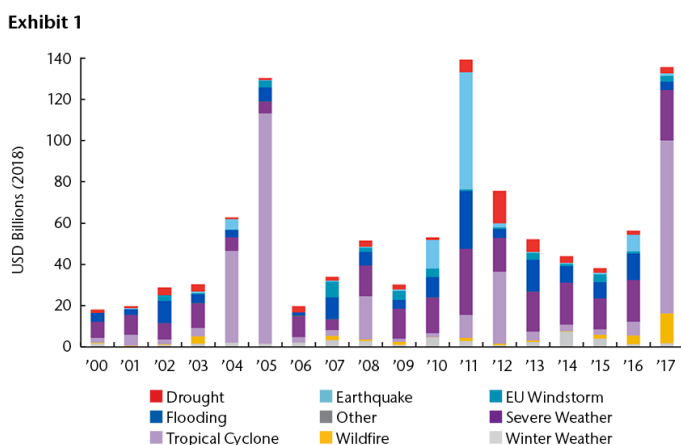
Property – Global Markets

Overseas insurers and their reinsurers were impacted by multiple events in the US, Mexico and Puerto Rico (Hurricanes Harvey, Irma and Maria, fires in California, two large earthquakes in Mexico). The total cost of these events in late 2017 is estimated at US\$94 billion or 69 percent of all global pay-outs during the year.

Recent US catastrophe losses will place further pressure on reinsurance pricing and we expect a flow on to New Zealand insurers.

Costliest catastrophe year on record

Insured Losses by Year, by Type



- 2017 latest global statistics show pay-outs of USD136 billion, including payments by both public and private insurance entities.
- The majority of the losses last year were driven by three hurricanes (Harvey, Irma, Maria) and separate California wildfire outbreaks.
- In New Zealand there is concern that another major event here could severely limit the availability of earthquake insurance as is the case in Japan and California.

Liability

The Liability insurance market remains relatively stable. The key area of focus for insurers is the impact of the significant reform of New Zealand's workplace health and safety system. The Sentencing Act now enables the Courts to award reparations, particularly under the Health and Safety at Work Act, in situations where injured parties receive entitlements under ACC.

Insurers and reinsurers continue to exhibit a strict technical approach towards rating and retention levels.

Professional Indemnity insurance for some professions such as design/construction, have experienced increased claims (frequency and severity) in recent months. Accordingly, insurers are becoming more selective in terms of individual accounts and classes they wish to continue to underwrite and on what premium/policy terms and conditions. Increasing regulatory scrutiny and investigations, from the likes of the FMA and Commerce Commission, have placed some industries such as Fund Managers, Financial Advisers and Real Estate Agents on insurers' watch lists.

Directors and Officers Liability insurers of dual market listed companies continue to review their capacity and premiums due to significant Directors and Officers Liability claims in Australia, following securities class actions. As a result, local insurers have limited appetite for providing company entity cover however London markets remain an option. For NZX listed companies, insurers / reinsurers are now scrutinising placements as they wish to review the underwriting to ensure that the New Zealand Directors and Officers Liability insurance market does not have the same exposure and outcomes.

The General Liability insurance market remains competitive with several insurers actively seeking to grow their portfolios.

Statutory Liability insurers have started to experience higher defence costs and reparation orders under the Health and Safety at Work Act 2015. The starting point for reparation orders is now between \$80,000 and \$250,000 (dependant on the injury) and defence costs in a serious Health and Safety at Work claim have

doubled from what they were three years ago. Consequently, we expect that Statutory Liability premiums will begin to increase.

Crime insurance is being considered by more clients due to the delineation between cyber and crime becoming blurred, with many insurers offering Fake Invoicing Extensions. There also continues to be a flow of fraud claims, often perpetrated by long standing and trusted employees.

Due to the number of significant natural disasters in 2017, a number of insurers are seeking premium increases across their whole Liability insurance book to offset declining profitability in their property portfolios.

Cyber

Cyber insurance is an evolving market with active interest and involvement from many NZ insurers. While there has been significant media attention and a volume of claims have been paid, the cost of the individual claims has been low to date compared to global trends. Offshore privacy regulation development and enforcement is likely to have an impact on this space in New Zealand going forward. Premium rates for cyber are holding flat but insurers are hinting that increases are on the way.

Contract Works

While the Contract Works insurance markets are under similar pressures to property and generally seeking increased rates, capacity is still available and there is still competition.

We are seeing a retraction in additional covers and restrictions to some coverage. The market is also reviewing excess levels, and this is resulting in increases in many cases.

While there may be fewer restrictions on capacity for construction risks, upon completion material damage conversion must still be arranged and this can be challenging. If the asset or building is located in Wellington, or in any other seismically active region, it is recommended that insurance cover for the completed building be arranged at the commencement of the construction project to reserve capacity.

Some markets are using property criteria to underwrite construction risks and will be influenced by whether they wish to insure the finished building. If it does not fit their property risk appetite, then they may be reluctant to provide terms for the construction risk or will offer it but at much higher premiums and more restrictive terms.

Motor Vehicle

The motor insurance market is facing spiralling claims costs because of a growing population, increasing claims frequency and increasing claims severity.

The average repair cost for newer vehicles is much higher than for older vehicles mainly due to expensive in-vehicle technology, for example sensors, cameras and automatic braking. Electronics currently account for a quarter of a vehicle's value and this is estimated to soon reach 40 percent.

Examples of more advanced technology commonly fitted in newer cars include the 'autonomous' type sensors, such as blind-spot warnings, adaptive cruise control and lane change sensors. These are largely located on the periphery of cars, exposing them to damage in an accident.

Additionally, labour costs from motor repairers are increasing due to the added skill and time needed to accommodate the complexities of in-vehicle technology, the new types of materials being used and to reinstate electronic control and safety systems.

Motor premiums are therefore going up, along with minimum excesses, as insurers move to bring premiums in line with these growing costs.

While the above comments apply primarily to the private motor insurance market, they are equally applicable to the commercial vehicle and fleets. Consequently, we are seeing large premium increases being imposed on commercial fleet renewals as insurers struggle to make a return from their motor portfolios.

In respect of heavy motor, insurers are becoming more cautious and requiring increases in fleet rates commensurate with claims experience and exposure, although options are available to mitigate these increases.

Premium Comparison (last year/this year)

The following section provides a more in-depth analysis of the premiums outcomes for this year's core policies at renewal. There is also a summary table at the end of this section showing premiums for all covers purchased by council (Including Levies less GST).

Class of Business	Total Declared Values	Limit of Indemnity	2017/2018 Period	*Last Year (Short dated Renewal 30/06/2018 to 01/11/2018 Annualised)	This Year
Material Damage	\$51,230,318		\$144,496.21	\$173,298.53	\$182,334.21
Commercial Motor Vehicle	\$373,734		\$ 5,043.02	\$ 8,007.28	\$ 8,007.40
Public Liability			\$ 6,070.00	\$ 7,526.80	\$ 9,160.00
Professional Indemnity			\$ 13,710.00	\$ 17,000.40	\$ 32,300.00
Statutory Liability			\$ 1,750.00	\$ 1,950.00	\$ 1,950.00
Employers Liability			\$ 380.00	\$ 410.00	\$ 410.00
Fidelity/Crime			\$ 4,800.00	\$ 5,200.00	\$ 7,500.00
Directors and Officers Liability			\$ 3,750.00	\$ 5,000.00	\$ 12,500.00
Aon Service Fee			\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
TOTAL			\$189,999.23	\$228,393.01	\$264,161.61

**This is what the annual premium would have been in June 2018, however this was pro-rata'd for the short period 30/6/18 – 1/11/18.*

Renewal Terms

Material Damage

Coverage	All real and personal property including money, fees, costs and expenses except as excluded, belonging to the Insured or for which the Insured is responsible or has assumed responsibility prior to the occurrence of any loss or destruction or damage as defined in the policy including all such property in which the insured may acquire an insurable interest, during the period of the policy.	
Insured	Westland District Council and/or associated and/or subsidiary companies and/or Council Controlled Organisations, Body(ies) Corporate (s) for their respective rights and interests and/or as may be agreed	
Period of Insurance	From:	4:00pm 1 November 2018
	To:	4:00pm 1 November 2019
Covering	Including, but not limited to all tangible and personal property of every type and description either: owned in the whole or in part by the insured <ul style="list-style-type: none"> • and/or the interest of the Insured in property of others held on commission • and/or on consignment and/or for which they have assumed or may assume liability • and/or property of others which the Insured has agreed to insure whether held by the Insured or by others • and/or property for which the Insured is legally liable all while located anywhere in New Zealand <p>At the sole option of the Insured, any personal property of officers and employees (except that which is hereinafter excluded) subject to a specified limit</p>	
Limit of Liability	Buildings, Contents & Plant – Replacement Value	\$ 38,654,197
	Buildings, Contents & Plant – Indemnity Value	\$ 7,217,602
	Residential Buildings, Contents & Plant – Replacement Value	\$ 7,353,793
	Residential Buildings, Contents & Plant – Indemnity Value	\$ N/A
	Stock	\$ 30,000
Limit of Liability Sub-Limits Applicable excess of the Deductibles	Alterations and Additions to Buildings	\$1,000,000
	Capital Additions	
	any one situation	\$1,000,000
	annual limit	\$1,000,000
	Contractual Value	\$50,000
	Demolition & Removal of Debris (any one loss)	\$25,000
	Employee Tools	\$10,000
	Electrical Damage	\$50,000
	Gradual Damage	\$50,000
	Illegal Drug Contamination:	
	Any one event	\$30,000
	During the Period of Insurance	\$250,000
	Money:	
	during business hours	\$100,000
	outside business hours	\$10,000
	Subsidence / Landslip	\$1,000,000
	Sustainable Rebuilding Costs	\$100,000
	Theft	Full Cover
	Property in Transit (Full Cover)	\$100,000

	Refrigerated / Frozen Goods	\$25,000
	Restoration & Reproduction Costs – Proof Materials	\$25,000
	Spoilage of Stock and/or Merchandise	\$10,000
	Alternative Residential Accommodation Memorandum	\$100,000
	Curios / Works Of Art	\$100,000
	Unspecified Locations (NZ)	\$100,000
Deductibles	All claims except	\$10,000
	Residential Dwelling	\$5,000
	Weather Perils	\$25,000

Natural Disaster
The excess for Earthquake, Tsunami, Volcanic Eruption, and Hydrothermal Activity, or fire following any of these is as follows:
New Zealand
2.5% of the Site Sum Insured
Pre-1935 Risks
10% of the site Sum Insured
In all cases, the minimum Site Sum Insured deductible is \$2,500 or any different amount shown in the Schedule.

GST
The Limit of Liability and Sub Limits are exclusive of GST
The Deductibles are inclusive of GST

Policy Wording
Aon agreed MD/BI Wording with Local Authority endorsements

Where the Aon Vertex Material Damage Wording provides enhanced cover/Limits this will take precedence.

Policy Endorsement
NZI Endorsements to Aon Vertex MDBI Policy

3 Basis of Settlement:

Special Provision 5 is deleted and replaced with the following

5 In the event that insured property comprising of any building designated in the schedule of declared values insured for reinstatement is damaged but not destroyed, the building will be treated as having been destroyed where the following conditions exist:

- (a) The insured is prevented from reinstating the damage to the building by sole reason of any regulation; or
- (b) Agreement has been reached between the insured and the insurer that it is the most practical and/or economic method of settlement.

5.10 Hazardous Substance, Pollution and Contamination Expenses

Automatic Extension 5.10 is deleted and replaced with the following:

5.10.1 Cover is provided for damage to insured property where a substance pollutes or contaminates insured property during the period of insurance provided that the pollution or contamination is caused by a peril that is not excluded under this policy and a government authority has declared the substance to be hazardous to health or the environment.

Exclusion 7.3.2 (a) and (b) (Defects and Mould) does not apply to the cover provided by this clause.

In respect of any event, cover is available under either 5.10 or 5.11, but not both.

5.13 Landslip and 5.29 Subsidence

The following term is added to both Automatic Extension 5.13 (Landslip) and 5.29 (Subsidence):

In respect of any event, cover is available under either 5.13 (b) or 5.29(b), but not both.

5.22 Reinstatement of Limit of Liability

Automatic Extension 5.22 is deleted and replaced with the following:

In the event of damage for which a claim is payable under Section 1 of the policy, the sum insured for the item of insured property that suffered the damage is reduced by the amount of the damage. The sum

insured will only be reinstated as follows:

If the insured property:

(a) is automatically covered under this policy during its repair or replacement, the amount reduced will be progressively added back to the sum insured at the rate that the insured property that suffered the damage is progressively repaired or replaced.

(b) is not automatically covered under this policy during its repair or replacement, the amount reduced will only be added back to the sum insured once the repair or replacement of the insured property that suffered the damage has been completed.

The insured will pay to the insurer such pro-rata premium at the rate applicable to the insured

property in the schedule of declared assets which may be reasonably required for the reinstatement.

No automatic reinstatement of insurance will apply in the event of damage as a result of natural disaster, unless agreed to by the insurer.

5.23 Removal of Debris

Automatic Extension 5.23 is amended by the addition of the following proviso: Where any costs are in connection with the removal of asbestos, the maximum payable by the insurer for any event will not exceed:

(a) 5% of the sum insured for the item of insured property; or

(b) \$25,000,

whichever is the lesser.

7.13 Production Process

Exclusion 7.13 is deleted and replaced with the following:

Cover is excluded for damage to property while it is undergoing any production process if any part of

that process causes or contributes towards the damage in any way. Production process means any

process of producing, making, treating or servicing goods.

7.9 Landslip and Subsidence

Exclusion 7.9 is deleted and replaced with the following:

7.9.1 Cover is excluded for loss or damage directly or indirectly caused by landslip, subsidence, erosion

or expansion of the ground.

7.9.2 Cover is excluded for loss or damage directly or indirectly caused by normal settlement, normal

shrinkage or normal expansion of buildings, foundations, walls, pavements roads and other structural

improvements

7.9.3 Provided that this Exclusion shall not apply if damage is caused by or arises out of natural disaster.

9.13 Reinstatement of Limit of Liability

Automatic Extension 9.13 is deleted and replaced with the following:

In the event of a claim being payable under Section 2 of this policy, the sum insured in respect of that Interest Insured will be automatically reinstated from the date the claim is paid. The insured undertakes to pay such premium as may be required by the insurer for such reinstatement. No automatic reinstatement of insurance will apply in the event of loss as a result of a natural disaster, unless agreed to by the insurer.

Insurer Panel

NZI

100%

Schedules

As per Below:

SUB-TOTAL	
Museum Stock	\$5,000
iSite Stock	\$15,000
Hokitika Pool Stock	\$10,000
Capital Additions Extension	
Contract Works Extension	

Motor Vehicle

Coverage	Unforeseen and unintended damage to own vehicles Third Party Liability	
Insured	Westland District Council and/or associated and/or subsidiary companies and/or Council Controlled Organisations for their respective rights and interests and/or as may be agreed	
Period of Insurance	From: 4:00pm To: 4:00pm	1 November 2018 1 November 2019
Business	Any activity now or hereafter carried on by the Insured, including but not limited to: Territorial Local Authority Council Controlled organisations and associated organisations	
Covering	Including, but not limited to: Section I All vehicles, mobile plant and auxiliary equipment of every description, owned, used, leased, lent, borrowed, hired or under the Insured's care. Section II Any liabilities causing damage, bodily injury or financial loss to third parties arising from or in connection with the Insured's use of any vehicle.	
Sums Insured	Section I Market Value at the time of loss except cars under 24 months old insured for Replacement Limit any one vehicle unless declared \$400,000 Section II Third Party Liability – limit any one accident \$20,000,000 Except Airside Liability restricted to \$2,000,000	
Fleet Values	As per Schedule	\$343,734
Deductibles	Section I Each and every claim 1% of vehicle value Minimum \$500 Except additional excesses as noted below: Drivers aged under 21 years of age \$1,000 Drivers aged 21-25 years \$500 Drivers aged 25+ and licensed less than 2 years \$500 Claims arising from Fire Nil Claims arising from theft or conversion of the Insured Vehicle or attempt there at Nil In respect of Windscreen claims Nil Section II Each and every claim Nil	
General Conditions	As per agreed Aon Policy Wording, including, but not limited to:	

Acquired Entities
Breach of Condition
Cancellation Clause
Care of Insured Vehicle
Claims Procedures
Errors and Omissions
Fraud
Goods and Services Tax
Insurance Law Reform Act
Jurisdiction Clause
Other Insurance
Premium Adjustment
Release
Salvage

Extensions to Coverage

As per agreed Aon Policy Wording and including, but not limited to:
Additions and Deletions Clause \$400,000
Claim Preparation Costs – limit \$20,000
Crash Scene Site Management - Included
Crisis Coverage \$10,000
Death by Accident \$10,000
Disability Modification \$10,000
Difference in Excess / Hired or Rental Vehicles – Included
Emergency Services Charges - Included
Exemplary Damages \$500,000 (Additional excess applies)
Expediting Expenses - \$5,000
Family Expenses on Hospitalisation \$5,000
First Aid Kits \$2,500
Forest & Rural Fire Act Costs \$500,000
Funeral Expenses \$10,000
Goods in Transit \$5,000
Hire Costs following theft of vehicle \$250 per day
Hoists (Mechanical Failure) - Included
Ingestion of Foreign Object – Included
Invalidation
Keys and Locks \$5,000 per vehicle & \$15,000 per event
Medical & Related Expenses \$5,000
Removal of Debris \$10,000
Rental Vehicles (i) \$400,000
Rental Vehicles (ii) \$50,000
Rewards \$10,000
Signwriting \$5,000
Treads and Tracks Damage \$10,000 excess \$50
Uninsured Third-Party Protection \$5,000
Weight Damage \$500,000
Windscreen Cover (Nil Excess) - Included

Policy Wording

Aon Vertex Commercial Motor Vehicle Policy

Insurer

NZI – 100%

WESTLAND DISTRICT COUNCIL - MOTOR VEHICLE SCHEDULE				
MOTOR VEHICLES 2018/2019				
MAKE & MODEL	Asset ID	REG. NO	MARKET VALUE	GL code
Ford Kuga	11393	HQU12	\$28,844	6468281
Ford Kuga	11381	HHR1	\$28,844	6462281
1962 Starlette Caravan	11371	n/a	\$12,000	6100281
Radio Telephones in vehicles	10554	n/a	\$7,000	6200281
Toyota Rav4 - owned by HAL	HAL	CQY79	\$15,000	7000627
Ford Kuga	11428	JFF992	\$27,934	6471281
2015 Ford Focus Wagon	11427	JFF995	\$27,687	6470281
2017 Ford Escape Ambiente	WDPL	KYU996	\$30,744	7000627
2017 Ford Ranger XL		KYU995	\$42,450	6480281
2017 Ford Escape Ambiente		KWC995	\$33,601	6486281
Ford Ranger XL - leased	WDPL	LKS986	\$34,640	7000627
Mitsubishi Triton		LFM	\$54,990	6490281
		TOTAL	\$343,734	

Professional Indemnity

Covering	Claims made & notified during the period of Insurance arising from actual or alleged acts, errors or omissions or conduct omitted or committed in connection with the business or the Insured
Insured	Westland District Council and/or associated and/or subsidiary companies and/or Council Controlled Organisations for their respective rights and interests and/or as may be agreed
Period of Insurance	From: 4:00pm 1 November 2018 To: 4:00pm 1 November 2019
Business	Any activity now or hereafter carried on by the Insured, including but not limited to: <ul style="list-style-type: none">• Territorial Local Authority• Council Controlled organisations and associated organisations
Limit of Liability	\$5,000,000
Deductible	Each and Every Claim incl. Defence Costs \$25,000
Territorial Limits	New Zealand
Preservation of Cover Clause	Preservation of Cover Clause: This Policy covers each Insured for its own Insured Property: (a) The Insurer cannot avoid, rescind or cancel this Policy, in whole or in part, for non-disclosure, misrepresentation, misstatement or breach of the terms of this Policy, other than with the written consent of all of the Insured; (b) No statements or representations made by or on behalf of an Insured or breach of any term of this Policy, or any information or knowledge possessed by any Insured will be imputed to any other Insured for the purpose of determining whether any individual Insured is covered under this Policy; (c) If the Insurer has a right to reduce its liability to any Insured for any for nondisclosure, misrepresentation, misstatement or breach of the terms of this Policy, the Insurer will only exercise such right against that Insured, and without prejudicing the rights of the other Insured's under this Policy.
Lead Co-Insurer Clause	In this policy, and unless the context requires otherwise, all references to the Lead Insurer, are deemed to include all other insurers participating in this Policy. The participating insurers agree to accept any decision of the Lead Insurer and to follow that decision in all matters relating to this Policy, other than in respect of any ex-gratia settlement proposed by the Lead Insurer or where there is a material change to the risk/s insured under this Policy. The participating insurers promises under this agreement and obligations under this Policy are joint in so far as the Policy indemnities apply but each participating insurer's liability for any claim under this Policy is several and is limited solely to the extent of its proportionate share. No participating insurer is to be held liable to contribute towards or pay the proportionate share of any other participating insurer who for any reason, howsoever arising, cannot or does not satisfy all or part of its obligations under this Policy. This Policy is issued and signed by the authorised representative of the Lead Insurer under the authority of all participating insurers.

Automatic Extensions

1. Breach of Contract
2. Consultants, Subcontractors and Agents
3. Continuity of Insurance
4. Defamation
5. Fair Trading Act 1986
6. Fraud and Dishonesty of Employees
7. Intellectual Property
8. Joint venture Liability – Insured’s Liability Only
9. Loss of Documents
10. Previous Business

Policy Wording

Professional Indemnity (Civil) for Councils as expiring except as amended below

Endorsements

1. Insured Extension
2. Lead Co-Insurance Clause
3. ACP Exclusion
4. Sanctions Clause
5. Aviation and Airport Operators Exclusion
6. Continuity Clause Amendment – Continuity Inception
7. Marina Operators Liability Exclusion
- 8.

Insurer

Berkshire Hathaway	60%
QBE	40%

General Liability

<i>Covering</i>	Liabilities to Third Parties arising from or in connection with the Insured's operations, for all amounts which the Insured is held legally liable to pay	
<i>Insured</i>	Westland District Council and/or associated and/or subsidiary companies and/or Council Controlled Organisations for their respective rights and interests and/or as may be agreed	
<i>Period of Insurance</i>	From: 4:00pm 1 November 2018 To: 4:00pm 1 November 2019	
<i>Business</i>	Any activity now or hereafter carried on by the Insured, including but not limited to: <ul style="list-style-type: none"> • Territorial Local Authority • Council Controlled organisations and associated organisations 	
<i>Limit of Liability</i>	General Liability, each and every loss	\$10,000,000
	Product Liability, each and every loss and in the annual aggregate	\$10,000,000
<i>Policy Sub-limits</i>	Care, Custody and/or Control	\$1,000,000
	Employees Property	\$1,000,000
	Indemnity to Ratepayers	\$1,000,000
	Forest and Rural Fires Act	\$1,000,000
	Hall Hirers Liability	\$1,000,000
	Punitive and Exemplary Damages (New Zealand Only)	\$1,000,000
	Service and Repair	\$500,000
	Vibration and Removal or Support	\$500,000
	Underground Services	\$10,000,000
<i>Deductible</i>	Each and Every Claim	\$10,000
<i>Territorial Limits</i>	New Zealand	
<i>Jurisdictional Limit</i>	New Zealand	
<i>Preservation of Cover Clause</i>	<p>Preservation of Cover Clause:</p> <p>This Policy covers each Insured for its own Insured Property:</p> <p>(a) The Insurer cannot avoid, rescind or cancel this Policy, in whole or in part, for non-disclosure, misrepresentation, misstatement or breach of the terms of this Policy, other than with the written consent of all of the Insured;</p> <p>(b) No statements or representations made by or on behalf of an Insured or breach of any term of this Policy, or any information or knowledge possessed by any Insured will be imputed to any other Insured for the purpose of determining whether any individual Insured is covered under this Policy;</p> <p>(c) If the Insurer has a right to reduce its liability to any Insured for any for nondisclosure, misrepresentation, misstatement or breach of the terms of this Policy, the Insurer will only exercise such right against that Insured, and without prejudicing the rights of the other Insured's under this Policy.</p>	
<i>Lead Co-Insurer Clause</i>	In this policy, and unless the context requires otherwise, all references to the Lead Insurer, are deemed to include all other insurers participating in this Policy.	

The participating insurers agree to accept any decision of the Lead Insurer and to follow that decision in all matters relating to this Policy, other than in respect of any ex-gratia settlement proposed by the Lead Insurer or where there is a material change to the risk/s insured under this Policy.

The participating insurers promises under this agreement and obligations under this Policy are joint in so far as the Policy indemnities apply but each participating insurer's liability for any claim under this Policy is several and is limited solely to the extent of its proportionate share.

No participating insurer is to be held liable to contribute towards or pay the proportionate share of any other participating insurer who for any reason, howsoever arising, cannot or does not satisfy all or part of its obligations under this Policy.

This Policy is issued and signed by the authorised representative of the Lead Insurer under the authority of all participating insurers.

Policy Wording

AON General Liability for Councils as expiring except as amended below

Endorsements:

Employees Property
Sanctions Exclusion
ACP Exclusion
Hall Hirers Liability
Insured Extension
Airport Operators Liability Exclusion
Marina Operators Liability Exclusion
Contract Works Maximum Contract Value \$5,000,000

Insurer

Berkshire Hathaway	60%
QBE	40%

Statutory Liability

Covering	Defence Costs, Fines and Penalties arising from unintentional breaches of the Insured Acts. Excluded Acts: Arms Act 1983, Aviation Crimes Act 1972, Crime Act 1961, Proceeds of Crimes Act 1961, Summary Offences Act 1981, Transport Act 1962, Transport (Vehicle and Driver Registration and Licensing Act) 1986 and Real Estate Agents Act 2008.
Insured	Westland District Council and/or associated and/or subsidiary companies and/or Council Controlled Organisations for their respective rights and interests and/or as may be agreed
Period of Insurance	From: 4:00pm 1 November 2018 To: 4:00pm 1 November 2019
Business	Any activity now or hereafter carried on by the Insured, including but not limited to: <ul style="list-style-type: none">• Territorial Local Authority• Council Controlled organisations and associated organisations
Limits	\$500,000
Deductible	Each and Every claim \$10,000
Preservation of Cover Clause	Preservation of Cover Clause: This Policy covers each Insured for its own Insured Property: (a) The Insurer cannot avoid, rescind or cancel this Policy, in whole or in part, for non-disclosure, misrepresentation, misstatement or breach of the terms of this Policy, other than with the written consent of all of the Insured; (b) No statements or representations made by or on behalf of an Insured or breach of any term of this Policy, or any information or knowledge possessed by any Insured will be imputed to any other Insured for the purpose of determining whether any individual Insured is covered under this Policy; (c) If the Insurer has a right to reduce its liability to any Insured for any for nondisclosure, misrepresentation, misstatement or breach of the terms of this Policy, the Insurer will only exercise such right against that Insured, and without prejudicing the rights of the other Insured's under this Policy.
Policy Wording	BHSI-NZ-EP-SL-001-06/2015
Retroactive Date	Unlimited
Endorsements	Prospectus Liability Exclusion
Insurer	Berkshire Hathaway 60% QBE 40%

Employers Liability

Covering	Liability arising out of claims made by Employees for injuries outside the scope of the Accident Compensation Corporation	
Insured	Westland District Council and/or associated and/or subsidiary companies and/or Council Controlled Organisations for their respective rights and interests and/or as may be agreed	
Period of Insurance	From: 4:00pm 1 November 2018 To: 4:00pm 1 November 2019	
Business	Any activity now or hereafter carried on by the Insured, including but not limited to: <ul style="list-style-type: none">• Territorial Local Authority• Council Controlled organisations and associated organisations	
Limits		\$500,000
Deductible	Each and Every Claim	\$2,000
Preservation of Cover Clause	Preservation of Cover Clause: This Policy covers each Insured for its own Insured Property: (a) The Insurer cannot avoid, rescind or cancel this Policy, in whole or in part, for non-disclosure, misrepresentation, misstatement or breach of the terms of this Policy, other than with the written consent of all of the Insured; (b) No statements or representations made by or on behalf of an Insured or breach of any term of this Policy, or any information or knowledge possessed by any Insured will be imputed to any other Insured for the purpose of determining whether any individual Insured is covered under this Policy; (c) If the Insurer has a right to reduce its liability to any Insured for any for nondisclosure, misrepresentation, misstatement or breach of the terms of this Policy, the Insurer will only exercise such right against that Insured, and without prejudicing the rights of the other Insured's under this Policy.	
Policy Wording	BHSI-NZ-CA-EL-001-10/2017	
Retroactive Date	Unlimited	
Insurer	Berkshire Hathaway QBE	60% 40%

Fidelity Guarantee (Crime)

Coverage	Direct financial loss sustained by the insured arising from or in connection with any single act or series of related, continuous or repeated acts (which shall be treated as a single act) discovered during the policy period or applicable Discovery Period and reported to the Insurer as per the policy wording noted below.
Insured	Westland District Council and/or associated and/or subsidiary companies and/or Council Controlled Organisations for their respective rights and interests and/or as may be agreed
Period of Insurance	From: 4:00pm 1 November 2018 To: 4:00pm 1 November 2019
Business	Any activity now or hereafter carried on by the Insured, including but not limited to: <ul style="list-style-type: none">• Territorial Local Authority• Council Controlled organisations and associated organisations
Limits of Liability	Any one claim and in the annual aggregate \$500,000
Deductibles	Each and every claim including costs \$25,000
Territorial Limits	New Zealand
Insuring Clauses	Fidelity Guarantee; Third Party Crime; Electronic and Computer Crime; Destruction of Money; Criminal Damage to Property; Erroneous Funds Transfer
Policy Extensions (including aggregate sub-limits where applicable)	Business interruption – Not Included Care, Custody & Control - \$250,000 Court Attendance Costs - \$25,000 Public Relations Costs - \$25,000 Telephone Systems Fraud - \$100,000
Discovery Period	Not Included
Lead Co-Insurer Clause	<p>In this policy, and unless the context requires otherwise, all references to the Lead Insurer, are deemed to include all other insurers participating in this Policy.</p> <p>The participating insurers agree to accept any decision of the Lead Insurer and to follow that decision in all matters relating to this Policy, other than in respect of any ex-gratia settlement proposed by the Lead Insurer or where there is a material change to the risk/s insured under this Policy.</p> <p>The participating insurers promises under this agreement and obligations under this Policy are joint in so far as the Policy indemnities apply but each participating insurer's liability for any claim under this Policy is several and is limited solely to the extent of its proportionate share.</p> <p>No participating insurer is to be held liable to contribute towards or pay the proportionate share of any other participating insurer who for any reason, howsoever arising, cannot or does not satisfy all or part of its obligations under this Policy.</p> <p>This Policy is issued and signed by the authorised representative of the Lead Insurer under the authority of all participating insurers.</p>
GST	The Limit of Liability and Sub-Limits are exclusive of GST
Policy Wording	BHSI-NZ-EP-Crime-001-06/2015

Directors & Officers Liability

Insured	Directors & Officers of Westland Holdings Limited and/or subsidiary companies and/or associated companies and joint ventures for their respective rights and interests		
Covering	<ul style="list-style-type: none"> ▪ Indemnity to each Insured Person for Loss arising from a Wrongful Act for which they do not receive indemnity from the named Company ▪ Indemnity to the named Company for Loss for which it grants indemnity to any Insured Person as permitted or required by law ▪ First made against any Insured Person and notified during the Period of Insurance or subsequent Discovery Period 		
Period of insurance	1 November 2018 to 1 November 2019 Both days at 4.00 p.m. Local Standard Time		
Territorial Limit	New Zealand		
Jurisdictional Limit	New Zealand		
Limit of Liability	Any one claim and in the annual aggregate	\$	4,000,000
	Defence Costs Limit of Indemnity – in the annual aggregate Including costs and expenses plus GST	\$	1,000,000
Deductibles	Each and every claim inclusive of costs and expenses in respect of any one Insured person	\$	Nil
	Each and every claim inclusive of costs and expenses in respect of Company Indemnification	\$	25,000
Special Conditions/ Endorsements	Non-indemnified Loss of Insured Person Company Indemnification of Insured Person Loss Company Securities Claim – Not Included Investigation/Insured Person Inquiry Costs Coverage Discovery Period Discovery Period for Retiring Directors Spouses, Domestic Partners, Estates and Legal Representatives Court Attendance Costs - \$25,000 Public Relations Costs - \$25,000 Emergency Defence Costs - \$50,000 Health and Safety Shareholder Costs Continuous Cover Reinstatement Tax Liability Asset and Liberty - \$50,000		
Retroactive Date	Unlimited, excluding known circumstances		
Endorsements	USA/Canada Exclusion Prospectus Liability Exclusion Outside Directorship Cover Deleted Proposal Form Exclusion – question 4 on the proposal form dated 20 August 2013 Total Shareholder Exclusion		

Co-Insurance Clause
Violation of Employment Law

Insurer

Berkshire Hathaway 60%
QBE 40%

Classes of Insurance Available

This is a list of some of the more common classes of insurances offered to businesses in New Zealand. We suggest that you review the list from time to time in the light of changing needs and circumstances and discuss any uninsured risks for which insurance may be available, with your Aon Broker. The list is not exhaustive, and if you know of any other uninsured risks, please contact us and we will advise you whether insurance is available.

Classes of insurance you have elected to take are indicated:

(Edition List: Oct 2017)

PROPERTY & BUSINESS INTERRUPTION

Business Interruption	<input type="checkbox"/>	Covers loss of income and increased costs resulting from damage to assets; sometimes referred to as "Loss of Profits" or "Consequential Loss" insurance. Can include several optional extensions, including Gross Rentals, Book Debts, & Severance or Redundancy payments.
Computer	<input type="checkbox"/>	Covers computers and computer media against a wider variety of risks than those covered under a Material Damage policy
Computer Consequential Loss	<input type="checkbox"/>	Covers financial losses and extra costs, including data reconstruction, following damage covered under a computer policy
Contract Works and Advanced Loss of Profits	<input type="checkbox"/>	Covers physical loss or damage and, as an option, to cover public liability arising in connection with a contract works. Cover can include loss of future income where completion of a construction project is delayed by damage.
Fidelity/ Crime	<input checked="" type="checkbox"/>	Covers theft by employees; this risk is commonly excluded from cover under Material Damage insurance. Computer Crime policies can extend a traditional Fidelity policy to include Fraudulent activity from a number of sources and systems.
Machinery Breakdown including Boiler Explosion	<input type="checkbox"/>	Covers breakdown risks, boilers and other pressure vessels against risk of explosion (such risks are commonly excluded from cover under Material Damage insurance)
Machinery Business Interruption	<input type="checkbox"/>	Covers loss of income and increased costs resulting from damage by a peril insured under a Machinery policy. Works as a partner to the Machinery Breakdown policy.
Material Damage	<input checked="" type="checkbox"/>	A general form of policy to cover loss of buildings, plant and stock
Money	<input checked="" type="checkbox"/>	Covers cash and other forms of money against loss or damage whilst it is at your premises or in transit. Small limits can often be included under a Material Damage policy.
Natural Disaster Excess Buydown	<input type="checkbox"/>	Provides an opportunity to reduce the Natural Disaster Excess applicable under a Material Damage and/or Business Interruption policy
Stock Deterioration	<input type="checkbox"/>	Provides cover following accidental stoppage of refrigeration equipment for chilled or frozen goods; usually only available in conjunction with Machinery Breakdown insurance, or sometimes under a Marine Cargo policy
Terrorism	<input type="checkbox"/>	This risk is commonly excluded from cover under Material Damage insurance.

TRANSPORT

Aviation Hull	<input type="checkbox"/>	Covers aircraft against physical loss or damage
Aviation Liabilities	<input checked="" type="checkbox"/>	Covers Public Liability arising out of the use of aircraft (Public Liability insurance does not normally cover liability arising out of the use of aircraft)
Carriers Liability	<input type="checkbox"/>	Covers liability under the Carriage of Goods Act
Charterers Liability (Aviation/Marine Hull)	<input type="checkbox"/>	Protection tailored to meet the conditions of a Marine or Aviation charter agreement for hull and/or liabilities
Marine Cargo	<input type="checkbox"/>	Covers shipments of goods by land, sea or air
Marine Hulls	<input type="checkbox"/>	Covers watercraft against physical loss or damage
Marine Liabilities	<input type="checkbox"/>	Covers Public Liability arising out of the use of watercraft
Motor Vehicle	<input type="checkbox"/>	Covers direct loss or damage to vehicles & Public Liability (third party liability) in connection to the vehicles

AGRICULTURAL & BLOODSTOCK

Bloodstock	<input type="checkbox"/>	Covers horses for the risks of accident, sickness or disease
Farm	<input type="checkbox"/>	Covers can be included for your Farm Assets Farm Business Interruption, Liabilities and Farm Vehicles
Forestry	<input type="checkbox"/>	Covers forests against specified perils; including but not limited to Fire and Lightning. Optional extensions are available.
Growing Crops	<input type="checkbox"/>	Insurance against failure or diminution of a crop resulting from certain specified events, for example flood or adverse weather
Livestock	<input type="checkbox"/>	Covers livestock for the risks of accidents, sickness or disease

LIABILITY

Bailees Liability	<input type="checkbox"/>	Covers liability for damage to property held under bailment, or in your custody and/or control
Directors & Officers Liability	<input checked="" type="checkbox"/>	Covers Directors & Officers against liability they might incur in carrying out the duties of a company director or officer. The insurance will also reimburse the company where it has already indemnified its directors for any such liability; cover includes associated defence costs.
Employers Liability	<input checked="" type="checkbox"/>	Covers the employer company's liability for injury to employees that falls outside the scope of ACC; cover includes associated defence costs

LIABILITY *(continued)*

Employment Disputes Liability	<input type="checkbox"/>	Covers damages and costs arising out of certain employment related disputes such as wrongful termination, harassment and discrimination; cover includes associated defence costs
Environmental Impairment	<input type="checkbox"/>	A special form of pollution liability insurance
Exemplary Damages (Also called Punitive Damages)	<input type="checkbox"/>	Covers damages arising out of bodily injury in New Zealand where the law otherwise prevents legal action for compensatory damages
Extra Territorial Workers Compensation	<input type="checkbox"/>	Covers liabilities where employees are injured outside their normal country or state of employment and are not covered by the relevant statutory policy
Forest & Rural Fires Act	<input type="checkbox"/>	For costs imposed by statutory authorities under legislation
Legal Expenses	<input checked="" type="checkbox"/>	Covers legal expenses incurred in civil action
Liability Consequential Loss	<input type="checkbox"/>	To partially cover loss of gross profit and increased costs arising from an event that also gives rise to a valid claim on a liability policy; this limited form of cover is only available where the liability insurance is provided by the same insurer
Libel & Slander/Defamation	<input type="checkbox"/>	Covers legal liability arising out of defamatory remarks made in either written or oral form; cover includes associated defence costs
Private Legal Aid	<input type="checkbox"/>	Covers private persons and their families for private legal aid costs for defending a variety of criminal, traffic & civil actions
Product Guarantee	<input type="checkbox"/>	Covers liability for correcting defects in products or for replacing defective products
Product Liability	<input checked="" type="checkbox"/>	Covers liability arising for damage arising out of products supplied; cover includes associated defence costs
Product Recall	<input type="checkbox"/>	Covers liability for the cost of recalling products which are defective or suspected of being defective
Professional Indemnity &/or Errors & Omissions	<input checked="" type="checkbox"/>	Covers legal liability incurred by giving negligent advice or through a breach of professional duty; cover includes associated defence costs
Prospectus Liability	<input type="checkbox"/>	Covers the Company, its directors and senior executives for liabilities arising from the issue of a prospectus, information memorandum or other sale/purchase documents. This liability is generally excluded from Directors & Officers Liability policies unless they are specifically extended to cover it. Cover includes associated defence costs.
Public Liability (General Liability or Broadform Liability)	<input checked="" type="checkbox"/>	Covers general liability for damage or injury happening in connection with the business; cover includes associated defence costs
Statutory Liability	<input checked="" type="checkbox"/>	Covers fines or penalties imposed for unintentional breaches of certain statutes; cover includes associated costs
Trustees Indemnity	<input type="checkbox"/>	Covers Trustees for personal liability arising from a breach of their fiduciary duties and to reimburse the trust when it has provided an indemnity to the trustees; cover includes associated defence costs
Warranties & Representations Liability	<input type="checkbox"/>	Covers liability arising from specific representations or warranties made in an agreement between parties; particularly relevant in the sale and purchase of businesses

HUMAN RESOURCE

Employee Benefits	<input type="checkbox"/>	Includes a variety of special forms of insurance including life insurance, long term disability, salary continuance, medical expenses and superannuation
Key Person	<input type="checkbox"/>	To provide cash benefits to the company in the event of death or disablement of key personnel
Personal Accident	<input type="checkbox"/>	To provide cash benefits in the event of death or disablement following accident to insured person

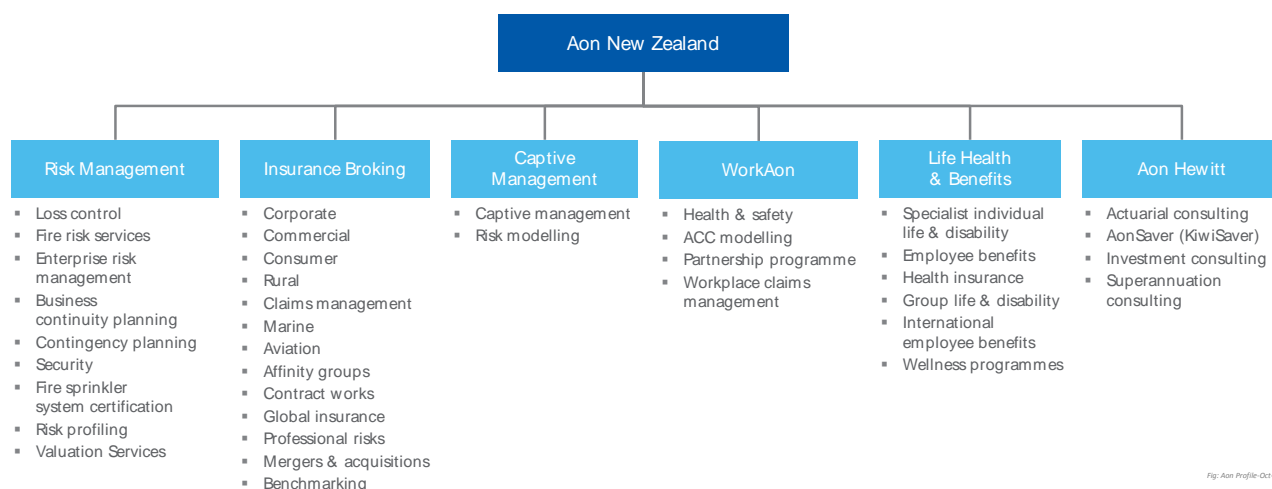
TECHNOLOGY

Cyber Risk	<input type="checkbox"/>	Covers Liability and expenses incurred as a result of unauthorised use or access to an organisation's computer systems and software. Can also include cover for liability costs and expenses arising from network outages, transmission of viruses, computer theft and extortion.
Intellectual Property Pursuit	<input type="checkbox"/>	Covers legal expenses to enforce intellectual property rights that are infringed by a Third Party
Media Liability/Internet Liability	<input type="checkbox"/>	Covers advertising injury, defamation, breach of third party intellectual property through operating on the internet or via email; includes liability to third parties from inadvertent transmission of viruses

MISCELLANEOUS

Accidental & Malicious Product Damage/Tamper	<input type="checkbox"/>	Crisis Management providing cover for Product Recall, Restoration Costs, Loss of Income and Incident Response Costs (following product tamper)
Bonds	<input type="checkbox"/>	Financial devices (rather than insurance policies) designed to avoid the need to provide a bond in cash
Credit Insurance & Trade Debtors	<input type="checkbox"/>	Covers risk of trade debtors failing to pay debts due to their insolvency or protracted default
Extortion	<input type="checkbox"/>	Includes kidnap, ransom and product tampering insurance
Political Risk	<input type="checkbox"/>	Covers confiscation, expropriation or nationalisation of overseas assets and contracts; can also include cover against frustration or repudiation of a contract
Travel	<input type="checkbox"/>	Covers baggage, medical costs and other travel related risks

Other Aon Services



Aon Sprinkler Certification

Whenever a construction or alteration involving sprinklers is made, these require Certification. We are ISO accredited to undertake this work. We can also assist by giving advice to Building Consent Authorities in regard to sprinkler systems as part of the BCA process.

Aon Sprinkler Inspection

Aon's sprinkler inspection specialists conduct on-going biennial sprinkler inspection surveys as required by the building standards and New Zealand's Building Act.

Aviation

Aon has the leading specialist Aviation Division that provides a comprehensive range of Risk and Insurance solutions to our NZ General Aviation clients. Our relationships and synergy with Aon's Aviation Divisions in Australia, London and the USA ensures unparalleled access to all available Global markets.

Business Risk Management

Aon have engineers/analysts who provide advice to clients in the design and implementation of risk management programmes, business continuity, emergency response planning, security audits and legislative compliance.

Construction Specialists

Aon have a specialist Construction Division which becomes involved in construction related issues and those contracts requiring specialist input, contract vetting or principal controlled construction projects.

Credit

Aon has a specialist credit insurance division experienced in domestic and export arrangements.

KiwiSaver Management

The Aon KiwiSaver Scheme is a registered KiwiSaver scheme that enables employers to simplify their obligations while offering members a wide choice of retirement investment saving options from leading fund managers. You can select the Aon KiwiSaver Scheme as your preferred KiwiSaver scheme for employees that do not make their own choice.

Life & Benefits

Aon Life provides a wide range of life insurance and associated products for both individuals and companies. Products include income protection, trauma, health and life insurance.

Loss Control Services

Aon provides loss control inspections services to assist by providing recommendations on how to safeguard businesses and also in providing quality Underwriting information to assist in marketing risks to insurers.

Management of Workplace Injuries

WorkAon is a specialist Aon division with over 50 staff represented in 15 offices. This division works with clients to reduce their ACC costs resulting from workplace accidents. WorkAon manages the entire ACC process for 50 of the top 120 New Zealand companies participating in the ACC Partnership Programme. Aon's average total workplace accident claim involving weekly compensation is \$2,550 compared to the ACC average claim cost of \$15,190.

Professional Risks

Aon have a designated team of specialists to provide support to our clients on any professional risk issue.

Roadside Assistance

Aon has a full-service Roadside Assistance for all Commercial Motor fleets providing complete mechanical breakdown protection 24 hours/7days a week.

Staff Value Added Products

Aon has a separate division, specialising in the arrangement of consumer insurances for the staff of our clients.

Superannuation Funds Administration

Aon Hewitt has a successful superannuation funds management administration division that provides flexible superannuation options to employers and individuals.

Valuation Services

Aon has in-house qualified valuation experts providing building, land, plant, machinery and infrastructure valuations across New Zealand. We are the only broker in New Zealand with this capacity.

Insurer Ratings

Insurance (Prudential Supervision) Act 2010

In accordance with the Insurance (Prudential Supervision) Act 2010, Insurers' Financial Strength ratings are as follows.

COMPANY	RATING	RATING AGENCY
AIG Insurance New Zealand Limited	A	<i>Standard & Poor's</i>
Allianz Australia Insurance Limited (including GT Insurance, Club Marine, Euler Hermes Trade Credit, CPF)	AA-	<i>Standard & Poor's</i>
Atradius Insurance NV	A	<i>AM Best</i>
Berkshire Hathaway Speciality Insurance	AA+	<i>Standard & Poor's</i>
Chubb Insurance New Zealand Limited	AA-	<i>Standard & Poor's</i>
Dual New Zealand Limited (Certain Underwriters at Lloyds of London)	A+	<i>Standard & Poor's</i>
Lloyds	A+	<i>Standard & Poor's</i>
Lumley – a Business Division of IAG NZ Limited	AA-	<i>Standard & Poor's</i>
Mitsui Sumitomo Insurance Co	A+	<i>Standard & Poor's</i>
NZI – a Business Division of IAG NZ Limited (including NZI Marine, National Auto Club, Swann, CPF)	AA-	<i>Standard & Poor's</i>
QBE Insurance (Australia) Limited	A+	<i>Standard & Poor's</i>
Sunderland Marine	A	<i>Standard & Poor's</i>
Tokio Marine & Nichido Fire Insurance Co	A+	<i>Standard & Poor's</i>
Vero Insurance New Zealand Limited (including Vero Liability, Vero Specialist Risks, Vero Marine, CPF)	A+	<i>Standard & Poor's</i>
Zurich Australian Insurance Limited	A+	<i>Standard & Poor's</i>
CPF (Client Placement Facility) NZI 51%, Vero 39%, Allianz 10%		

Special Notes

1. In respect of Allianz Australia Insurance Limited

An overseas policyholder preference applies. Under Australian law, if Allianz Australia Insurance Limited is wound up, its assets in Australia must be applied to its Australian liabilities before they can be applied to overseas liabilities. To this extent, New Zealand policyholders may not be able to rely on Allianz Australia Insurance Limited's Australian assets to satisfy New Zealand liabilities.

2. In respect of QBE Insurance (Australia) Limited

QBE Insurance (Australia) Limited ("QBE") has a policy of holding actual capital in excess of regulatory capital requirements. In the event that QBE is wound up, the claims of New Zealand policyholders will be paid out of the assets of QBE New Zealand, and possibly other countries, except for Australia. Australian Law requires that on a winding up of QBE the assets of the company in Australia are to be used to pay its liabilities in Australia before liabilities outside of Australia.

3. In respect of Zurich Australian Insurance Limited (ZAIL)

An overseas policyholder preference applies. Under Australian law, if ZAIL is wound up, its assets in Australia must be applied to its Australian liabilities before they can be applied to overseas liabilities. To this extent, New Zealand policyholders may not be able to rely on ZAIL's Australian assets to satisfy New Zealand liabilities.

STANDARD & POOR'S		AM BEST		FITCH	
AAA	Extremely Strong	A++ & A+	Superior	AAA	Exceptionally Strong
AA	Very Strong	A & A-	Excellent	All AA Class	Very strong
A	Strong	B++ & B+	Good	All A Class	Strong
BBB	Good	B & B-	Adequate	All BBB Class	Good
BB	Marginal	C++ & C+	Fair	All BB Class	Moderately Weak
B	Weak	C & C-	Marginal	All B Class	Weak
CCC	Very Weak	D	Very Vulnerable	All C Class	Very Weak
CC	Extremely Weak	E	Under Supervision	All D Class	Distressed
SD	Selective Default	F	In Receivership	NR	<i>Fitch does not rate the issuer or issue in question</i>
D	Default				
R	Regulatory Supervision				
NR	Not Rated				
Note S&P Ratings	Ratings AA-CCC with (+) or (-) show relative standing within the major rating categories.				

Aon New Zealand cannot guarantee the solvency of an insurer, but if you require any further information on these companies or their financial statements, please do not hesitate to ask.

Acceptance Advice

Aon New Zealand
P O Box 2058
Christchurch 8140

ATTN: Bruce Wightwick
Branch Manager
bruce.wightwick@aon.com

ACCEPTANCE ADVICE

Please place our insurance in accordance with your report of October 2018 as follows:
We confirm there are no material changes to our renewal proposal of 11th October 2018 nor are we aware of any claims or claim circumstances that have since arisen.

Details – please complete option required

Class of Business	Policy Limit/Option	Premium (incl Government charges)	Accept
Material Damage		\$182,334.21	Yes / No
Commercial Motor Vehicle		\$8,007.40	Yes / No
Public Liability	\$10,000,000	\$9,160.00	Yes / No
	Option 1 - \$50,000,000	+ \$1,019.00	Yes / No
Professional Indemnity	\$5,000,000	\$32,300.00	Yes / No
	Option 1 - \$50,000,000	+ \$10,000.00	Yes / No
Statutory Liability	\$500,000	\$1,950.00	Yes / No
	Option 1 – 1,000,000	+ \$975.00	Yes / No
	Option 2 – 2,000,000	+ \$1,852.00	Yes / No
Employers Liability	\$500,000	\$410.00	Yes / No
	Option 1 – 1,000,000	+ \$205.00	Yes / No
	Option 2 – 2,000,000	+ \$388.00	Yes / No
Crime/Fidelity	\$500,000	\$7,500.00	Yes / No
Directors and Officers Liability	\$4,000,000	\$12,500.00	Yes / No
OPTION - Business Interruption		\$1,457.50	Yes / No
Aon Service Fee		\$10,000.00	Yes / No

Period 01/11/2018 to 01/11/2019

Signed: _____

Date: _____

For: **Westland District Council**

FINANCE, AUDIT AND RISK COMMITTEE ROLLING WORK PLAN

Item	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	April-19	May-19	June-19	July-19	Aug-19	Sept-19	Oct-18
External Audit				Audit Management Report 2017/18 Meet Audit Director if necessary				Interim Audit 2018/19			Note - Final Audit Annual Report 2018/19 begins Interim Audit Management Report 2018/19 – review action to be taken by management	
Financial Reporting			Quarterly Report to December 2018			Quarterly Report to March 2019				Verbal update on year end		Quarterly Report to September 2018 Review Audited Annual Report 2017/18 – for recommendation of adoption to Council
Insurance	Valuation Information Renewal											
Risk Management Framework			Review Risk Register			Review Risk Register			Update on Health & Safety Legislation Review Risk Register			Review Risk Register
Internal Control Framework		Review Current Policies and set Action Plan – awaiting final document from PwC		Update – Internal Audit			Update			Update		