

Report 08.744  
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Committee Finance, Evaluation & Risk  
Author Mike Timmer Treasurer

## Insurance Review

### 1. Purpose

To consider the independent report on Greater Wellington's insurance programme.

### 2. Significance of the decision

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

### 3. Background

Greater Wellington commissioned an independent review of its insurance programme. The review considered the level of our insurance, the premiums paid and service provided by our insurance broker, Aon.

Mr John Sloan was appointed to undertake the review. His practice Sloan Risk Management Services (Sloan Risk), was established in 1975. They were initially engaged by the Council in 1995 to evaluate the risks facing the Council including infrastructure at that time.

Sloan Risk have been engaged by many other local authorities including Auckland Regional Transport Authority; Christchurch, Porirua, Hutt City, Palmerston North, Upper Hutt and Wellington City Councils to review their risk/insurance management programmes. In addition they have been employed by a number of government departments as well as many major corporates. Sloan Risk operates on an independent basis and is not affiliated to any brokering operation.

## 4. Outcome of the Review

Sloan Risk's overall comments were that our insurance programme is sound, our premiums very competitively priced and that we appeared to have the best insurance options in place. No major defects were noted.

In addition, our individual loss and overall loss ratios are excellent, and premiums for our main insurances have been reducing even though the value at risk has risen. This trend reflects the combination of our excellent claims experience coupled with Aon's negotiation skills. Sloan Risk also note that future significant reductions are remote.

Sloan Risk suggested we take a closer look at our Business Interruption cover which currently stands at \$5 million. Business Interruption covers an event where the Council is unable to continue working from its existing premises.

It was noted that the Council needed to decide on what to do with our water infrastructural assets which we are currently considering insuring after a long period of self insurance. This is the subject of a separate report to the Committee.

A questionnaire is also included in his report which asks a number of questions about risk management at the organisation and should provide Councillors with some comfort that risk is currently managed.

A copy of his report is attached (**refer Attachment 1**) and contains considerable detail on the organisation's insurance.

John Sloan will be available at the meeting to answer any questions the Committee may have.

## Recommendations

*That the Committee:*

1. ***Receives the report.***
2. ***Notes the content of the report.***

Report prepared by:

Report approved by:

Mike Timmer  
Treasurer

Barry Turfrey  
Chief Financial Officer

Attachment 1: Sloan Risk Management Services Limited Report – Insurance Review Report