

Audit, Finance & Risk Committee

2 October 2025

Report for Agenda Item | Rīpoata moto e Rāraki take [2]

Department: Assurance, Finance & Risk

Title | Taitara: Insurance update October 2025

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to provide a governance update on the current status of the insurance market and provide updates on the Queenstown Lake District Council's (QLDC) insurance policies and strategies in preparation for the upcoming November 2025 renewals.

Recommendation | Kā Tūtohuka

That the Audit, Finance & Risk Committee:

1. **Note** the contents of this report;
2. **Note** that the Chief Executive will use his delegation to negotiate the November 2025 insurance renewal within the 2025/26 insurance budget; and
3. Note that Queenstown Lakes District Council's Audit, Finance & Risk Committee gave authority to the Chief Executive at its 27 June 2024 meeting to enter a contract for insurance brokerage services, with the projected insurance cost over the 3+1+1 year term expected to exceed \$12 million.

Prepared by:



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3 September 2025

Reviewed and Authorised by:



Name: Katherine Harbrow
Title: GM Assurance, Finance & Risk
3 September 2025

Context | Horopaki

1. This report seeks to support the governance role of the Audit, Finance & Risk Committee (the Committee) by providing updates on the following topics:
 - Queenstown Lake District Council's (QLDC) insurance renewals
 - Material claims

Analysis and Advice | Tatāritaka me kā Tohutohu

November Renewals Preparation

2. QLDC has provided Aon (QLDC's broker) with all necessary information in preparation for the November 2025 renewals. November renewals include the following policies:
 - **Employers Liability:** Covers QLDC for employee injury or illness claims.
 - **General & Public Liability:** Covers QLDC for 3rdparty injury or damage caused by council activities.
 - **Professional Indemnity:** Covers QLDC for claims of professional mistakes or negligence.
 - **Statutory Liability:** Covers QLDC for legal costs and fines from breaches of legislation.
 - **Crime Insurance:** Covers QLDC for financial loss from theft, fraud, or dishonesty.
 - **SICC Infrastructure Policy:** Covers QLDC and other South Island councils for catastrophic events.
3. Aon's Global market update report outlines that the position is improving for the November renewals as the softening market continues.
4. Aon advised that the property market is softening at a rapid rate. The New Zealand insurance market is offering lower reductions than the international markets, but typically this is coming off a lower base rate. International insurers are looking to balance their natural catastrophe portfolios against large North American risks and so this is driving competition for New Zealand. Wellington natural catastrophe insurance premium rates are reducing slightly faster than rest of New Zealand. Insurers are still technically underwriting risk and so high risk placements remain difficult to place.
5. Aon have also advised while the general Liability market is softening, rates didn't improve as much as property insurance premiums. Capacity is generally available to increase limits.

Policy Type	Policy Premium Y24-25	Expected premium 25-26
Infrastructure Policy (SICC)	NZD 1,136,789.88	TBC
Employers Liability	NZD 2,929.05	
Primary Layer PL + General Liability	NZD 63,230.45	
Professional Indemnity	NZD 435,549.26	
Excess Layer- PL, GL & PI	NZD 50,194.64	
Statutory Liability-	NZD 14,663.43	
Crime Policy	NZD 35,523.50	
Total	\$1,738,880.21	

6. The 2025/26 Insurance budget is \$3,874,654. There will be an April 2026 renewal for five policies and the cost these premiums is expected to be similar to April 2025 of \$1,722,047.
7. No material changes are proposed for most of the policies, however a number of important changes are proposed for the catastrophic event (infrastructure) policy, which are summarised in the following paragraphs (paragraphs 8-14).
8. QLDC is one of eight members of a collective infrastructure policy, the South Island Council Collective (SICC) as depicted in Map 1 below:

SICC- South Island Council Collective

Territorial Authorities

- Buller District Council
- Grey District Council
- Queenstown Lakes District Council
- Westland District Council

Regional Councils

- Environmental Southland
- West Coast Regional Council

Unitary Authorities

- Nelson City Council
- Tasman District Council



Map 1 – South Island Council Collective

9. Through its broker Aon, the SICC is seeking to remove existing sub-limits from the infrastructure policy, which will mitigate the risk of under insurance and provide greater flexibility for all members. While QLDC's and the other councils premiums, within the collective, are expected to remain stable, this change enhances flexibility and coverage for all participating councils.
10. Aon is proposing to retain the one free reinstatement for earthquake, with any subsequent reinstatements to be charged at pro rata premium- subject to market agreement. The Senior Insurance Advisor has requested additional clarification regarding the trigger for the reinstatement, which has not been provided at the time of writing. Further clarity in this regard will be reported to the committee at the appropriate time.
11. To support the infrastructure renewal, members of the SICC have commissioned Aon to undertake loss modelling to provide a better understanding of the expected losses and associated insurance requirements. Loss modelling has not been completed by the SICC for several years (pre-COVID). The SICC has secured a 50% discount on loss modelling services, supported by return premium contributions from the London market. This modelling will focus on flood protection and reticulation assets insured under the SICC infrastructure policy, as well as associated three waters above-ground facilities insured under the material damage policy. The work is currently underway and is expected to be completed before the infrastructure policy renewal in November 2025.
12. QLDC is currently working with other members of the SICC on a legal agreement between members of the collective. The proposed agreement has been drafted to establish a clear framework for managing claims, participation, and governance of the collective. The agreement will cover critical areas such as claims recognition, dispute resolution, voting rights, and the

process for entering and exiting the collective. It aims to ensure fairness, transparency, and consistency among all members, particularly in the event of a large-scale catastrophe involving claims that exceed the overall programme limit. QLDC have been responsible for drafting the agreement and for implementing associated working groups to support the development of the agreement and the SICC's approach to loss modelling. SICC members are seeking to have the agreement in place prior to the November 2025 renewal.

13. At the request of Aon, and on behalf of the SICC, the Assurance & Risk Manager attended briefings to the London and Singapore markets in August and September, as a member of a delegation of New Zealand Councils collective infrastructure policy holders (BOPLASS¹, MWLASS², Waikato LASS³, LAPP⁴ and the SICC). The briefings, which form a core component of each renewal, enable New Zealand Council's to engage with insurers about the upcoming infrastructure renewals. The purpose of these meetings was to present and discuss key themes regarding asset management and flood resilience within the context of the collective's infrastructure coverage. These presentations were designed to outline the councils' approach to managing its infrastructure and future projects, enhancing the confidence of the insurers in the collectives' risk management strategies.
14. The Assurance & Risk team has been exploring additional coverage options, including a parametric earthquake insurance solution. This type of cover is triggered by measurable events, such as ground shaking recorded by GeoNet rather than a traditional claims process. Although it may be more costly and provides no cover where the event parameters have not been met (without other provisions), its key advantage is rapid payout, typically within 30 days, with no restrictions on how the funds are used. QLDC will await the Loss Modelling results to determine which metric to use in order to obtain a quotation from the market.

Material Claims During the Reporting Period

15. Tasman District Council (SICC member)– Weather Event June/July 2025. A State of Local Emergency was declared on 27 June 2025 (lifted 7 July) and again on 10 July 2025.
16. All of the West Coast councils had an increased flood deductible (of \$1m) imposed by the insurers several years ago because of the claims history and exposure. At the time of writing losses are still being assessed.

Insurance Strategy

17. The Senior Insurance Advisor is currently developing a proposed insurance and risk transfer strategy. That strategy will consider the changing insurance requirements of QLDC in response to its decisions to establish a Water Services Council Controlled Organisation (WSCCO) as the future delivery model for water services. The proposed strategy will be reported to the Audit, Finance & Risk Committee at a future meeting post election.

¹ [About us - BOPLASS](#)

² [Horowhenua District Council — Office of the Auditor-General New Zealand](#)

³ [Waikato Local Authority Shared Services](#)

⁴ [Lapp :: Home](#)

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

18. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2024 because it has:

- a lower impact on the importance to the Queenstown Lakes District, providing an increased level of assurance at little additional cost.
- a lower significance in relation to community interest, as it does not provide for material changes in how services are delivered.
- a lower significance in relation to consistency with existing policies and strategies, as the proposed approach to insurance is consistent with the Risk Management Policy.
- a lower impact on the Council's capability and capacity, as the matters outlined in the report provide increased assurance regarding QLDC's risk framework.
- a lower impact in relation to climate change, supporting the management of risks in this regard.

19. The persons who are affected by or interested in this matter are all residents/ratepayers of the Queenstown Lakes district community, as the matters outlined in this report provide increased assurance regarding QLDC's risk framework.

20. The Council has not undertaken consultation in relation to matters outlined in this report, because the matters are of low significance.

Māori Consultation | Iwi Rūnaka

21. As the significance of this matter is low, no consultation with the community or local iwi is required.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

22. This matter relates to the Financial risk category. It is associated with RISK10013 Unexpected change in cost or funding within the QLDC Risk Register. This risk has been assessed as having a high residual risk rating.

23. The approval of the recommended option will allow Council to transfer the risk. This will be achieved by obtaining effective insurance cover.

Financial Implications | Kā Riteka ā-Pūtea

24. The cost of insurance is included within the Long term and annual plans. The cost of cover is within budget for the 2024-25 financial year.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

25. The following Council policies, strategies and bylaws were considered:

- Strategic Framework including the Vision Beyond 2050: Our Strategic Framework | Queenstown Lakes District Council has been considered during risk identification, analysis, evaluation and treatment planning as well as in relation to the approach to compliance management.
- QLDC Risk Management Policy
- Climate and Biodiversity Action Plan
- QLDC Long Term Plan
- QLDC Spatial Plan
- 30 Year Infrastructure Strategy

26. The recommended option is consistent with the principles set out in the Risk Management Policy.

27. This matter supports the Long Term/Annual Plans through ensuring that effective risk frameworks are in place to provide assurance regarding the delivery of planned programmes.

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

28. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. This report provides assurance regarding QLDC's risk and compliance frameworks and as such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

29. The recommended option:

- Can be implemented through current funding under the Long Term Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council.