



HAWKES BAY
REGIONAL COUNCIL
TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

Regional Council Workshop

Date: 31 July 2024
Time: 12.30pm
Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Agenda

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Subject: Council's insurance

Reason for report

1. This item introduces the workshop about the current insurance industry market across New Zealand including a deep dive into various material policies that HBRC currently holds to manage financial risks.

Executive summary

2. HBRC has, to date, had reasonable comfort with the ability to obtain insurance in offshore markets and has received cover requested. HBRC pays \$1,365k (2023-2024) per annum for insurance. This has increased from \$1,099k in 2022-2023 and \$979k in 2022-2021.
3. AON, our Insurance Brokers will provide a presentation on the New Zealand (and global) insurance market and assist with providing responses to Industry norms and comparatives to current Insurance held by HBRC.

Background

4. Having insurance (or not) is a risk appetite decision and something that requires ongoing assessment. It is put in place to minimise the financial implications of adverse events.
5. Over the last 12 months, insurers in NZ (through offshore global reinsurers) have indicated the unease of reinsurers to provide cover to specific industries, and global protection gaps caused by the combination of climate change, cyber threats and social and demographic changes are being seen.
6. In July 2024, Marsh declined to continue providing insurance for Professional Indemnity/Public Liability and this was helpfully picked up by AON.
7. Self Insurance/captives are common programmes of work progressing across the industry to mitigate rising premiums, however, establishment of these and maintaining appropriate portfolios of liquid cash to mitigate risks in the short term is a further risk to consider.
8. Hawke's Bay Regional Council was previously a member of the New Zealand Mutual Liability Riskpool scheme (Riskpool). The Scheme is winding down, however the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance) and to fund the ongoing operation of the scheme.
9. The likelihood of any call-in for historical claims diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weather-tight defects (in a mixed claim involving both weather-tight and non-weather-tight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

Discussion

10. AON will provide a verbal update and presentation at the workshop.
11. HBRC staff will provide detail on material policies held including:

- 11.1. Material Damage/ Business Interruption
- 11.2. Infrastructure
- 11.3. Public Liability (also called General Liability) & Professional Indemnity
- 11.4. Harbour Masters
- 11.5. Commercial Motor Vehicle
- 11.6. Contract Works
- 11.7. Cyber – discussion only. [No cover currently held]

Next steps

- 12. A large number of current insurance policies will renew in October 2024, and any proposed changes will be requested then.

Authored by:

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Treasury & Investments Accountant

Approved by:

Susie Young
Group Manager Corporate Services

Attachment/s

There are no attachments for this report.

Subject: Heretaunga Plains and Upper Tukituki Cyclone Gabrielle scheme reviews

Reason for report

1. This report introduces the presentation to provide status updates for the Heretaunga Plains Flood Control Scheme and the Upper Tukituki Flood Control Scheme reviews undertaken by Tonkin + Taylor.

Executive summary

2. This item introduces the presentation of the Heretaunga Plains Flood Control Scheme and Upper Tukituki Flood Control Scheme reviews which:
 - 2.1. evaluate the Level of Service (LOS) of the schemes
 - 2.2. evaluate the performance of the schemes during Cyclone Gabrielle
 - 2.3. provide key findings from the modelling
 - 2.4. present options to improve resilience against over design events.

Background

3. Following Cyclone Gabrielle Tonkin + Taylor was engaged to undertake the scheme reviews of the Heretaunga Plains Flood Control Scheme and the Upper Tukituki Flood Control Scheme.
4. The key objectives of the reviews included:
 - 4.1. evaluation of the performance of the schemes during Cyclone Gabrielle
 - 4.2. evaluation of the appropriate LOS for the schemes
 - 4.3. development of options to improve resilience against over design events.

Discussion

5. The presentation will provide a status update on the progress of each of the scheme reviews as well as a high-level communications and engagement plan for feedback.

Next Steps

6. The team will progress with modelling the options.
7. The consultation and engagement plan will be further developed.

Authored by:

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Attachment/s There are no attachments for this report.