

TCDC Insurance Strategy

TO	Audit and Risk Committee
FROM	Pieter Labuschagne - Risk Manager
DATE	21 February 2019
SUBJECT	TCDC Insurance Strategy

1 Purpose of Report

To inform the committee of the Insurance Strategy implemented by management on 18 February 2019.

2 Background

Council is in the process to implement an Enterprise Risk Management Policy, a revised Enterprise Risk Management Framework and Guidelines, and a Enterprise Risk Management Strategy which outlines how we will manage risks. The policy references guidance on Council's tolerance to a variety of risks, the likelihood of their occurrence and the consequence of those risks happening.

It is important for Council to have a comprehensive risk management strategy for all its assets, but especially those deemed to be critical and needing to be immediately reinstated in the event of a disaster. A lot of the risks are managed through the Council's 2018 Infrastructure Strategy, and the activity management plans and asset management plans that are linked to it.

3 Discussion

Through its assets, and the services they provide, Council has a responsibility to the community to provide a specified service level in a cost-effective manner. This is undertaken through appropriately planning, construction, maintenance and insurance of these assets and related liabilities.

Council does not presently have an Insurance Strategy to support its Risk Management Policy. In the past, while premiums were relatively affordable, our approach to insurance attracted only a limited analysis of the occurrence of adverse events and their consequences. Post the Christchurch and Kaikoura earthquakes, Council grouped together with other Waikato local authorities to procure insurance cover. The Group are taking a lessons learnt approach to ensure that adequate insurance arrangements are in place to be able to fully respond to events so that the Council remains in a position to deliver services to business and community.

Without financial protection for the assets, there may be a significant burden for its customers and ratepayers. If the assets are damaged resulting in the Council being unable to provide services to the community, any fees derived from these services or investments would also be lost for the duration for which the asset is out of operation. It is therefore prudent to have financial protection against this risk.

The council Insurance Strategy is interdependent to the council Enterprise Risk Management Policy, the Enterprise Risk Management Framework and Guidelines, the Infrastructure Strategy and the Enterprise Risk Management Strategy. The Insurance Strategy will ensure an understanding of the risks that council is managing, and mechanisms used to establish an optimal balance between externally procured insurance, self-insurance and uninsured risk retention.

This insurance strategy covers the wide range of Council's activities and operations. It gives guidance on identifying the many risks and how those financial risks can be mitigated by insurance cover. This is after having addressed the risks and consequences through other measures as outlined in Council's Risk Management Policy, the Infrastructure Strategy and the Risk Management Strategy.

4 Suggested Resolution(s)

That the Audit and Risk Committee:

1. Receives the 'TCDC Insurance Strategy' report, dated 21 February 2019.
2. Endorses the Insurance Strategy.

References-Tabled/Agenda Attachments

Attachment A TCDC Insurance Strategy, 2019 - 2021

Attachment A
TCDC Insurance Strategy, 2019 - 2021