

Alistair Hanning Head of Insurance, Civic Assurance, LAPP Fund Administrator



Is LAPP still better than insurance?

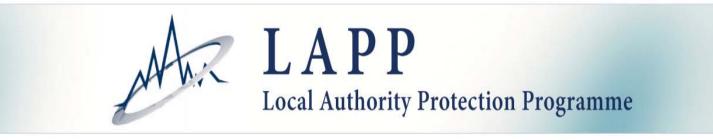
The answer isYES!

LAPP is *better* because it provides more:

- Value
- Cover, and







Value

- Competitive cost long term produces significant savings over insurance
- > The fund equals the credit rating of top insurers through:
 - The 'cash' component of the fund being audited by the Auditor General
 - Using only 'A' rated reinsurers
- LAPP exists to pay claims insurers exist to make a profit
- LAPP can provide long term certainty and consistency compared to insurance cycles
- LAPP is an investment vehicle for members whereas insurance is a transactional service.

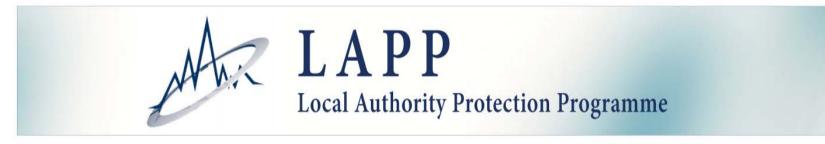




Value

- LAPP is a pooled service for local government providing lower costs of administration, whereas insurance has many additional costs beyond the premium:
 - Obtaining risk profile reports and catastrophe modelling
 - Reviewing broker reports
 - Travel, including overseas meetings with underwriters
- A mutual fund is universally regarded as the most efficient form of providing catastrophe protection. LAPP is structured in a similar way to EQC – using cash and reinsurance





Cover

- LAPP pays a higher level of cover as all members are protected up to the max limit of the fund (currently \$50m) Insurance options are frequently being written to only the Maximum Probable Loss (MPL)
- LAPP meets the recovery costs after damage including:
 - Demolition
 - Higher labour and material costs
 - Extra costs in reinstatement
 - Professional fees
 - Demand surge

These additional costs are not usually included in insurance





Cover

- As well as meeting the 'sum insured' of an asset, LAPP will also pay for temporary emergency repair costs and emergency response costs as described in Section 26 of *The Guide to the National Civic Defence Emergency Management Plan*.
- LAPP does not require Central Government to pay its 60% before LAPP pays its 40%.







Benefits

- Trustee's know the local government sector. They have hands on experience in managing councils and how they work.
- LAPP is focussed solely on local government
- LAPP is held and controlled in New Zealand
- LAPP is a discretionary fund Trustees have a track record of helping councils in considering aspects of a claim that technically is not covered







Still a better option than insurance

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