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# LAPP

Local Authority Protection Programme

*Is LAPP still better than insurance?*

The answer is .....YES!

LAPP is *better* because it provides more:

- ▶ Value
- ▶ Cover, and
- ▶ Benefits to its member's





# LAPP

Local Authority Protection Programme

## 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.





# LAPP

Local Authority Protection Programme

## 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





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Local Authority Protection Programme

## 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







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## 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%.





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## 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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