

# Aon New Zealand Insurance & Risk Management Forum

## Liability Insurance Solutions for Councillors & Officers

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# Liability Insurance Solutions for Councillors & Officers



## Recap of Liability Insurances

- Liability Insurance Policies Traditionally Purchased by Local Authorities:
    - General Liability
    - Professional Indemnity
    - Statutory Liability
    - Employers Liability
  
  - Emerging Insurance Solutions:
    - Cyber (Security & Privacy) Insurance
    - Standalone Councillors & Officers Liability Insurance
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# Liability Insurance Solutions for Councillors & Officers



The Evolving World of Health & Safety in New Zealand...

- Health & Safety Reform – Statutory Liability Insurance
    - Increased Fines & Penalties: up to \$600,000 not insurable for individuals
    - Likely to be accompanied by an increase in reparation awards.
    - Likely increased demand by policyholders to rely on Defence Costs coverage
  - Increased Duties and Increased Exposure under new legislation.
    - Increased Due Diligence obligations for all Officers of PCBU's.
    - Councillors & Officers now facing independent and new duties, increasing likely claims exposure.
    - A Councillor or Officer is a past, present or future mayor, president, chairperson, board member, commissioner, councillor, secretary, executive officer, senior manager, committee member, member of a board of managers, trustee of governor of the council; committee member of any councillor conduct panel or special or advisory committee; member of the Council's internal audit committee or other internal committee.
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# Liability Insurance Solutions for Councillors & Officers

## Statutory Liability Insurance



- Potential Implications for Statutory Liability Insurance Policies:
    - No cover for Fines (not insurable by law)
    - Cover for reparations and defence costs more important than ever
    - Likely increase in frequency and costs associated with the defence associated with a potential breaches of the Health & Safety legislation
    - Limited (or nil) cover for investigation costs
    - Differing cover for private prosecutions
    - Review adequacy of the policy limit purchased with your insurance broker
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# Liability Insurance Solutions for Councillors & Officers



What else may I be exposed to??

- I'm fully protected/indemnified by the Council when I am acting for them, right?
- Are my personal assets at risk?
- Is indemnity provided to me when I am sitting on a board outside a council-controlled organisation?

*“...a local authority may not indemnify a director of council-controlled organisation for any liability arising from that director's acts or omissions in relation to that council-controlled organisation” – s 43 of the Local Government Act 2002.*



# Liability Insurance Solutions for Councillors & Officers



What else may I be exposed to??

- The Local Government Act 2002 refers to “acting in Good Faith” what does this mean and what do I need to be aware of?
  - Until a finding of “Good Faith” has been established, a Councillor or Officer may be on his or her own, as it were, in terms of defending any third party legal action and may personally be liable to pay the related legal defence costs which could be potentially protracted and financially crippling.



# Liability Insurance Solutions for Councillors & Officers



What other insurance solutions are available to me?

- Management Liability Insurance Policies for Local Authorities do exist with specific coverage sections for:
    - Councillors & Officers
    - Council “Entity” Liability
    - Employment Practices Liability
  
  - Coverage Extends to include:
    - By-Election Costs
    - Investigation Costs
    - Prosecution Costs
    - The advancement of Defence Costs
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# Questions?

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