

16 September 2011

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Central City Plan Comments
Christchurch City Council
PO Box 73001
CHRISTCHURCH 8154

Dear Sir/Madam

COMMENTS ON THE DRAFT CENTRAL CITY PLAN (VOLUME 1)

This submission outlines the response of the Insurance Council of New Zealand ("the Insurance Council") to the insurance aspect of the Christchurch City Council's draft Central City Plan released 16 August 2011.

The Insurance Council is the industry representation body for fire and general insurance in New Zealand. The Insurance Council has 25 members which write the substantial majority of New Zealanders' insurance business.

The Insurance Council is active in self-regulating the insurance industry. We promote the Fair Insurance Code that requires insurers to act ethically. We fund the Insurance & Savings Ombudsman Scheme that offers independent review of decisions and we apply an Insurance Council solvency test that confirms the financial stability of our members. We also require members to be independently rated and to publish these ratings. We perform an important role in informing and educating consumers about key insurance issues and risks.

Members currently protect approximately \$0.5 trillion of New Zealanders' assets and last year paid \$2.1 billion in claims, not including the estimated \$15 billion currently being contributed towards the recovery of Canterbury following recent earthquakes. Approximately \$1 billion has already been paid into Christchurch over the past year.

The Insurance Council's comments are largely in response to the paragraph on insurance at page 13 of the Draft City Plan (chapter entitled "The Way Ahead"). In particular our comments relate to the role of insurance in the rebuild of Canterbury going forward.

The Draft City Plan raises concerns around the availability of ongoing insurance in Canterbury, stating at page 13:

The primary issue revolves around the level of ongoing seismic activity to the extent there is no appetite for insurers to take on new risk (i.e. risk they do not currently have). This has a significant impact on rebuilding with little (if any) ability to secure insurance for these projects... and is a significant risk factor that could impact on delivery of the Plan.”

The Insurance Council believes that while insurance is mostly available in the Canterbury region, there are still some limits on new cover being written. However, we believe the assertion made in the Central City Plan may be overstated. We believe that widespread cover will return to Canterbury, provided the Central City Plan is developed with insurance considerations in mind.

This must include considerations on seismic risk data, geotechnical data, building code reviews and reinsurance. In particular, Canterbury’s ongoing seismic activity and increased seismic risk must be taken into account before any action is taken. Each of these considerations will be relevant to the provision of insurance cover in Canterbury going forward.

The Insurance Council would like to reiterate that the insurance industry remains committed to Canterbury and where possible the industry will provide full, continuing cover towards the rebuild.

We look forward to working together with the Christchurch City Council and other stakeholders in the future to develop a sustainable and effective Central City Plan. Please feel free to contact us with any queries.

Yours sincerely



Chris Ryan
Chief Executive