Executive Summary: 2026/27 Insurance Renewal Changes
South Wairarapa District Council

Overall Renewal Position

- Material Damage and Business Interruption (MDBI) achieved a 15% premium rate reduction while retaining the existing insurer panel.
- General Liability, Statutory Liability, Employers Liability, Crime and Machinery Breakdown all renewed on an as-expiry basis with no material changes to limits or deductibles.
- Professional Indemnity renewed with a 3% premium increase while maintaining existing limits and deductibles.

Additional policies are being investigated.

- Cyber insurance remains under negotiation, and options will be presented to RAC when available.
- Councillors & Officers Liability options are being investigated but are not yet ready for placement. We have asked for a gap analysis to identify what extra protection this cover would provide beyond our existing liability insurance, and whether local government liability exemptions make it unnecessary.

Material Damage & Business Interruption (MDBI)

- A full market review was undertaken across New Zealand, Australia, Singapore and London markets.
- The existing insurer panel was retained.
- MDBI premium reduced from approximately $554,000 to $471,000 (15% reduction).
- Declared asset values increased slightly but did not trigger an increase to the premium.
- Council retained a $100 million coverage limit and $5,000 standard deductible as changes to these do not have a significant saving on premiums.
- The asset values covered by SWDC will reduce significantly following waters transition.

Fire and Emergency New Zealand (FENZ) Levy Changes

- New levy framework effective from 1 July 2026 which changed:
  - the basis from total sum covered to fire loss level,
  - removed the levies from residential units,
  - motor vehicles now based on flat $25 per vehicle fee.
- As a result, the FENZ levy rate reduced from 0.1195% to 0.0776%, reducing overall costs by approximately $50k, without reducing insurance protection.
- SWDC to confirm whether fire loss limit should be $30m or $35m per modeling.

Liability Programme

- Professional Indemnity premium increased by 3%, with limits and deductibles unchanged.
- New Professional Indemnity endorsements include a PFAS exclusion, amended definition of insured, and Building Act aggregate limit endorsement.
- The PFAS exclusion reflects insurer concern regarding emerging environmental liabilities and should be noted by Council.

Machinery Breakdown

- Renewed on an as-expiry basis with no change to coverage, premium or deductibles.
- QBE now provides 100% of this cover, replacing the previous co-insurance arrangement.
- All machinery covered is related to waters, so this policy will transition in July.

New Coverage Under Consideration

- Councillors & Officers Liability cover is being assessed.
- Potential benefits include protection for elected members and senior officers, investigation costs, and governance-related liabilities.
- Formal recommendations will be considered once insurer wording and pricing are finalised.

Insurance product	Draft 2026/27 renewal	2025/26 for comparison	Change
Material Damage and Business Interruption (MDBI)	$ 505,348	$ 653,878	-$ 148,530
Commercial Motor Vehicle	$ 14,588	$ 12,719	$ 1,869
General Liability	$ 17,299	$ 17,299	$ -
Statutory Liability	$ 5,000	$ 5,000	$ -
Employer's Liability	$ 1,000	$ 1,000	$ -
Professional Indemnity	$ 160,474	$ 155,800	$ 4,674
Machinery Breakdown	$ 13,174	$ 13,174	$ -
Environmental Impairment	$ 6,000	$ 5,000	$ 1,000
Crime	$ 4,000	$ 4,000	$ -
Total Premium & Levies	**$ 726,883**	**$ 867,870**	**-$ 140,987**