



Local Government & Insurance

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What Influences Premiums?

- **Market conditions** (recent large losses in and out of the industry, insurers' risk appetite etc.)
- **Location of insured** (e.g. high vs. low seismicity, flood prone areas etc.)
- **Portfolio** (diversity both geographically and risk levels, proactive and intense risk management, claims history etc.)
- **Negotiating power** (spread of risk across multiple insurers, overseas markets involvement etc.)
- **Understanding/Perception of risk** (detailed hazard and risk studies, better asset data etc.)
- **Risk retention levels (excesses)**

**We are competing for insurers' attention and their capital
(availability and affordability of cover) .**

Where Research Can Help?

- Valuations role in managing risk is often not well understood.
- Impact modelling is less developed compared to hazard assessment:
 - Impact of liquefaction and landslides on under-, in- and above ground assets.
 - Earthquake shaking damage to non-structural elements of buildings.
 - Cascading events or a sequence of aftershocks.
 - Co-seismic subsidence and its impact for example on waste or storm water networks
- %NBS does not adequately cover ‘damage’ and ‘downtime’. We need a better measure (QuakeStar?).
- Need better national asset and hazard data inventories to enable better informed assessment of risks on a national scale.
- A standard asset criticality assessment framework is required to make better informed decisions on risk mitigation actions and enable linkage between asset management and top-down resilience improvement projects.

Where Research Can Help?

- A lot of sources of uncertainty in business interruption loss modelling and as we know uncertainty costs.
- Demand surge is not well understood.
- Use of alternatives to traditional insurance should be further investigated (e.g. parametric insurance).
- Silos between asset management and financial teams should be removed.

Contact Details and Legal Disclaimer

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