

Civic Assurance Sponsorship

Civic is one of the Principal Sponsors of SOLGM, the New Zealand Society of Local Government Managers. This annual arrangement includes the American Exchange scholarship which enables local government managers to experience and learn how American local authorities operate and to pick up on good management processes.

The Civic sponsored SOLGM American Exchange scholarship this year was awarded to Stephen Bunting, Manager of Community Services at Hastings District Council. Stephen travelled to Palm Springs, California, a city of approximately 40,000, two and a half hours south of Los Angeles airport. His main area of interest and research is large scale multiple sporting facilities, particularly focusing on the components of multiple sporting facility planning and operation. The exchange programme paired him with Troy Butzlaff the Assistant City Manager at Palm Springs. Troy will visit Hastings in August and will attend the SOLGM conference while in New Zealand.

Sponsorship of local government activities is entirely appropriate given that Civic was established by local government over 60 years ago and is wholly owned by New Zealand local authorities.

- During 2006, Civic has provided sponsorship to –
- SOLGM's Annual Conference
 - Centre for Advanced Engineering (CAE) workshop on "Managing Infrastructure Vulnerabilities to Natural Hazards"
 - 2006 International Leading practices Symposium – Principal Sponsor
 - Association of Local Government Engineering New Zealand (Inc) – INGENIUM
- The Total cost of Civic's sponsorship in 2006 was \$58,000. Additional sponsorships next year include the January 2007 Marlborough SOLGM retreat and limited sponsorship for the 2007 Commonwealth Local Government conference in Auckland.



Tim Sole, Chief Executive, Civic Assurance (left) with American Exchange programme recipient, Stephen Bunting, Manager Community Services, Hastings District Council.

Civic Assurance

New Zealand's local government owned insurance company

- > Dates back to 1941
- > 74 of the 85 New Zealand local authorities are shareholders
- > Insures over \$8 billion of local government assets
- > Has an 'A'(Excellent) claims paying ability rating from AM Best
- > Insures 88% of New Zealand local authorities
- > All local authorities are customers of one or more of our products

Civic Assurance is also

- Administration Manager of the LAPP Disaster Fund
- Fund Manager for Riskpool
- Administration Manager for SuperEasy
- 100% shareholder of Local Government Finance Corporation
- 25% shareholder of Local Government Online

Management

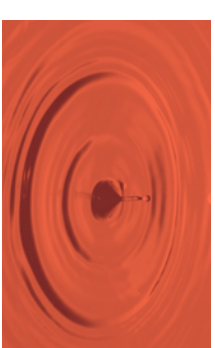
Tim Sole BSc MBA CS&Iat FNZIM FIAA FNZSA ANZLIC (Fellow)
(Chief Executive)
Geoff Mercer AINZ AAIL ANZIM
(General Manager)

Roger Gyles CA
(General Manager – Finance)
Ian Brown
(Superannuation Manager)

Published by Civic Assurance,
114 Lambton Quay,
PO Box 5521, Wellington, 6040
www.civicassurance.co.nz

Civic NEWS

SUMMER 2006/2007



Make KiwiSaver
SUPER easy

When?

The Government has announced that the commencement of its new work place savings scheme KiwiSaver is scheduled for 1 July 2007, from which date:

- It will be compulsory for employers to offer new employees aged between 18 and 65 either the employer's own scheme (providing it meets certain criteria) or a KiwiSaver scheme.
- All new eligible employees are automatically enrolled in a default KiwiSaver scheme when they start a new job, but have the opportunity to opt out within weeks 2 to 8 of starting.
- It is not compulsory for employers to make this offer to existing employees.

- Existing employees will have the option of joining an existing qualifying employer scheme and/or a new KiwiSaver approved scheme.

Objective!

The primary aim of KiwiSaver for individuals is to:

- Encourage a long-term savings habit.
- Increase financial independence, particularly in retirement.
- Facilitate savings principally through the workplace.

Selecting a "Preferred Provider"!

An employer can take responsibility for selecting a preferred KiwiSaver scheme for its employees to join. This would mean the selected scheme would become the default provider for that employer. We recommend that all local authorities consider this option; otherwise the IRD will randomly select a default provider for each of your employees.

SuperEasy as your Preferred "Preferred Provider"!

Civic Assurance is developing a KiwiSaver scheme within its existing SuperEasy scheme. SuperEasy's Automatic Fund, wholesale charging structure and purpose designed website www.supereasy.co.nz makes it the ideal scheme for any local authority.

- This will allow existing SuperEasy members to:
- stay in SuperEasy exactly as they are now, or
 - transfer to the KiwiSaver section of the scheme, or
 - contribute to both the existing **and** KiwiSaver sections of the scheme.

- Employees joining a council after 1 July 2007 will be able to:
- join the existing SuperEasy scheme, or
 - join the KiwiSaver section of the scheme, or
 - join both the existing **and** KiwiSaver sections of the scheme.

Selecting SuperEasy as your Preferred Provider would mean:

- having an existing relationship with the scheme provider
- are seen by staff to be taking an active interest
- only need to be familiar with one scheme
- easy for staff to understand – using one scheme
- easy for council to manage – dealing with the same people
- able to mix and match contributions between both schemes

Find out more!

To know how you can set this up so that you are ready when KiwiSaver is introduced in July 2007, please contact Ian Brown, Superannuation Manager, Civic Assurance on 04 978 1263 or at ian.brown@civicassurance.co.nz

How easy is SuperEasy?

In SuperEasy we have created a fund called the Automatic Fund which offers the simplicity of one single investment choice that we will review and automatically adjust each month so as to take away the need for you to continually reassess your investment strategy. Once onboard with the Automatic Fund there is nothing more for you to do to make all this happen!

Exclusive.

SuperEasy has been designed solely for the purpose of retirement savings and is an investment programme that is exclusive to members of this scheme.

What does the Automatic Fund do?

The Automatic Fund will automatically reduce investment risk as you get older and removes the need to continually reassess your investment strategy for your superannuation savings.

The Automatic Fund recognises you can tolerate higher investment risk in the early stages of your working life in favour of higher expected returns. So when you're younger the Automatic Fund provides a greater exposure to investments with the potential for growth.

Each month as you get older the Automatic Fund is designed to smoothly reduce your investment risk by reducing your proportion of target investments in

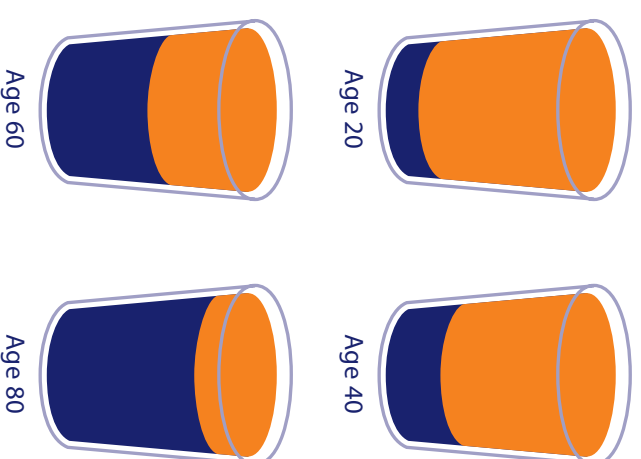
Growth assets (e.g. shares) and increasing your proportion of target investments in Income assets (e.g. fixed interest investments). This reduces the need to recover from any short-term losses and provides you with greater stability as you near or are in retirement.

How does it work?

The Automatic Fund has a target asset allocation which is set by the Scheme's Trustees from time to time and which depends on your current age. Each month your savings will be reviewed by progressively transferring your growth assets to income assets to reflect the target that is set out in the table below.

Age	Growth Assets (higher return) (higher level of risk)	Income Assets (lower return) (lower level of risk)
20	75	25
40	65	35
60	45	55
80	25	75

This will happen automatically so there is nothing more you need to do. The diagram below illustrates how this will happen.



Civic Roadside Recovery

During July, Civic Assurance launched a roadside rescue plan covering local government owned sedans, four wheel drive and light commercial vehicles. All authorities which insure their property and motor vehicles with Civic are entitled to participate in this free scheme.

Civic has partnered with First Assistance and the service operates in a similar manner to a number of other well known motor assistance schemes. It provides fully trained automotive staff available to respond 24 hours per day, 365 days per year in the event of

- keys lost or locked inside the vehicle
- running out of fuel
- flat battery
- flat tyre
- breakdown
- motor vehicle accident

The scheme has been welcomed by a large number of local authorities and many have already taken advantage of the coverage it provides.



New LAPP website

A new dedicated LAPP Fund website has recently been launched at www.lappfund.co.nz.



Members can readily access coverage details and risk management information relating to their own councils as well as a valuable information sharing facility on a wide range of issues relating to natural hazard risk as it affects infrastructural assets.

The website provides information to Fund members and to the public. The member area is only accessible with the use of a user password and members will be able to access general member information including the LAPP Trust Deed, Annual Reports and special reports prepared for LAPP by, for example, GNS Science and NIWA. It will also include information particular to each member such as their schedule of assets covered by LAPP and their risk management Risk Profile and Benchmarking Reports.

The public area gives a history and background to the formation of LAPP, and access to information regarding Fund coverage, the structure of the Fund, the criteria for membership, how member contributions are assessed as well as links to natural hazard information, engineering lifeline groups, civil defence and risk management organisations.

LAPP Fund increases membership

New members of the LAPP Disaster Fund in recent months include Environment Bay of Plenty, Tararua District Council, Ashburton District Council, Hawkes Bay Regional Council and Tamaru District Council. Membership now stands at 54 local authorities.

The Fund is in a strong financial position and the accumulated equity is enhanced by the purchase of significant levels of reinsurance which reinforces the Fund as an appropriate and effective risk financing mechanism for local authorities' essential services infrastructure.

The entry criteria for new fund members has recently been amended and there are advantages for authorities that join before 30 June 2007.

Fund Chairman and Chief Executive of Gisborne District Council, Bob Elliott comments:

"Along with the other Fund Trustees I am firmly convinced that membership of the LAPP Fund is a sound financial decision that provides "belts and braces" protection at a time when the incidence of natural disasters would seem to be on the increase. It is a risk management mechanism that all non member local authorities should seriously consider, particularly now that the entry criteria has been relaxed."

A series of regional seminars will be held over the next 6 months to outline the coverage provided by LAPP and the benefits available to council that are considering joining the Fund.