

From: Official Information  
Sent: Tuesday, 1 March 2016 1:39 p.m.  
To: [REDACTED]  
Subject: Legal Costs for Insurance Settlement

Dear [REDACTED]

Thank you for your email, received on 19 January. You requested the following information, under the Local Government Official Information and Meetings Act 1987 (LGOIMA):

*Could I please make a LGOIMA request for all legal costs associated with the council's global insurance settlement for all outstanding earthquake damage to council assets. Could I please have details of how many outside lawyers and consultants were hired to work on the council's claim, how long they were contracted for and over which dates.*

#### Extension of timeframe

On 15 February, we extended the timeframe on our response to you by an additional 10 working days.

#### Release of information

In response to your question, the Council has supplied the following:

Vendor		\$
Markit Law		2,612,187.14
Neil Campbell QC		30,607.70
Richard Fowler QC		7,381.30
Simpson Grierson		235,388.62
W M Wilson QC		142,253.26
		<b>3,027,818.02</b>

#### Staff Comment

We engaged Markit Law to assist us in our claim preparation and negotiations because their principal has specialized in insurance law for almost 30 years, understands the industry and the people, and has had extensive experience and success in managing, negotiating, and settling claims. The amount at stake was significant (\$921 million) and we are satisfied that the cost incurred was well spent.

Release of 24 February

### **In the bank - earthquake insurance pay-out good news for ratepayers**

Christchurch City Council has received full and final net payment of \$603 million from its insurers for damage resulting from the 2010/2011 Canterbury earthquakes.

The full and final insurance settlement was \$635 million, before deductions for the excess and payments to third parties. The pay-out is about \$80 million higher than budgeted for by the Council.

Peter Gudsell, the Council's Chief Financial Officer, says the Council will now not have to borrow as much for rebuild and repair work. As a result the amount required to service debt will be less than initially anticipated.

The \$603 million cash pay-out is on top of the \$201 million paid in 2012 by the Local Authority Protection Programme Disaster Fund for damage to below-ground assets, and the settlement with the Earthquake

Commission for earthquake damage of \$59.4 million. All three payments are net, after taking off items such as insurance excesses and payments to third parties.

The Council has therefore received about \$863.4 million in total from all three pay-outs. Last week's payment settled more than 1600 individual claims lodged by the Council.

Mr Gudsell says the insurance pay-out could not come at a better time for the Council, as it prepares its draft Annual Plan for 2016/17 to be considered by the Council on 21 March.

"There's no greater certainty than having the money in the bank. Given that the Council has given the organisation a very clear mandate to prepare a draft budget that reduces the level of rate increases, settling our insurance claim allows us to plan with confidence," Mr Gudsell says.

#### **Notes**


- 1. In arriving at the higher than budgeted insurance settlement amount, the Council paid just over \$3 million to legal and other experts.*

I trust this assists.

Kind regards,

Sean.

Sean Rainey  
Senior Information Adviser and Privacy Officer  
Office of the Chief Executive

  
Christchurch City Council  
53 Hereford Street, Christchurch 8011  
PO Box 73016, Christchurch 8154