

7.3.5 INSURANCE RENEWAL FY25/26

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RECOMMENDATION

That Council notes the report.

INTRODUCTION

This report provides information on the placement of Monash City Council's portfolio of insurances for financial year 2025 to 2026.

City of Monash achieved an overall 10.25% increase across the insurance portfolio. This was a strong result in the wake of natural catastrophe claim turmoil and exponential increases in overall individual claim costs.

This increase was in line with Council's insurance budget allocation for FY25/26.

COUNCIL PLAN STRATEGIC OBJECTIVES

Good Governance

Ensure a financially, socially and environmentally sustainable organisation.

BACKGROUND

JLT Public Sector, (a subsidiary of the Marsh & McLennan Companies) are Council's appointed Risk Advisors providing the risk transfer renewal program. The insurance portfolio is predominantly placed by JLT Public Sector, the only exceptions being the Public Liability & Professional Indemnity and Commercial Crime insurance which is placed directly with MAV Insurance.

DISCUSSION

Market Conditions

Globally, all major insurers have seen improved profitability, with nearly all major carriers reporting combined operating ratios (profitability measure) below 100% for the second consecutive year, reflecting the impact of sustained premium increases and more disciplined underwriting.

Despite the break from major weather and catastrophe events in 2024, there continues to be challenges for insurers in 2025, with data released by the Insurance Council of Australia in May 2025, showing insured losses have reached almost \$1.5 billion following two extreme weather events in 2025:

- North Queensland Floods (February 2025)
- Ex-Tropical Cyclone Alfred (March 2025)

With the direct and indirect impacts of the January 2025 wildfires in Los Angeles still to be fully understood.

Property and Asset Protection

The JMAPP scheme is a mutual discretionary fund scheme established for JLT Victorian local government clients with a primary cash pool established from members' contributions. This means that the members are insuring the first level of claims themselves from the pool.

The 2024/25 program year has again seen the Aggregate Fund become exhausted due to the accumulation of high frequency and low severity incidents sustained by councils across Victoria and Tasmania. The cause of these incidents is varied however a few common themes have emerged in 2024/25 as follows:

- Storm and Tempest claims incurred increased 66.3% from 2023/24
- Theft and Malicious Damage / Vandalism has increased 45% year on year. This includes copper theft which has returned after several years.
- Water Damage, as distinct from Flood, total incurred claims have decreased by 35.4%. Perhaps attributable to the drier than usual conditions across Victoria and Tasmania in 2025.

Public Liability and Professional Indemnity

City of Monash had a strong result in the renewal of its public liability and professional indemnity policy in comparison with an overall increase of 4.4%, well below the statewide average increase of 9.5% seen by most councils.

The primary drivers of this were as follows:

- Rising personal injury claims (doubling in volume since 2020–21)
- Increasing property damage claims due to more frequent severe weather
- A transforming reinsurance market with changing risk assessments

Cyber Insurance

The cyber insurance market is one of the youngest insurance product markets in the world, and with this comes a greater degree of volatility in coverage, capacity and reactions to the ever-changing threat landscape.

To combat this, we have installed several support mechanisms into the program to ensure the Local Government sector is viewed positively in the insurance market. In addition, to the weaving of additional policy enhancements for Council's liability coverage.

SUMMARY OF INSURANCE PROGRAM

2025/26 Insurance Program	
Class of Insurance	Insurer
Industrial Special Risks (Property & Art works)	JMAPP
Public Liability & Professional Indemnity	MAV-LMI Insurance

Motor Vehicle	Vero
Community Liability	QBE
Commercial Crime	MAV
Environmental Impairment Liability	Liberty
Cyber Liability	Chubb Insurance Ltd
Councillor & Officers Liability	XL Insurance
Personal Accident Insurance	Chubb Insurance
Corporate Travel	Chubb Insurance
Plumbers Liability	Zurich

FINANCIAL IMPLICATIONS

Council achieved its budget target with the renewal of twelve policies for a 10.25% increase in total premium across the portfolio. The target was a difficult goal given rising end to end claims costs and the categorisation of the local government sector as 'high risk' by insurers and reinsurers.

POLICY IMPLICATIONS

The insurance portfolio reflects the risks faced by Council and provides financial protection against losses and assistance with business recovery. Individual policies mitigate the severity of the loss, and the Internal Audit program provides assurance to management that the preventative actions to manage risk are working as expected. The program is assessed annually against the strategic risk profile of Council.

CONSULTATION

Community consultation was not required.

SOCIAL IMPLICATIONS

There are no social implications to this report.

HUMAN RIGHTS CONSIDERATIONS

There are no human rights implications to this report.

GENDER IMPACT ASSESSMENT

A GIA was not completed because this agenda item is not a 'policy', 'program' or 'service'.



CONCLUSION

Monash City Council's insurance portfolio is one of the essential tools for managing the consequences of unexpected risks that prevent, or delay, the delivery of services as expected by our community. Council's insurance portfolio provides risk transfer and financial protection against losses.

It is recommended that Council notes this report.

ATTACHMENT LIST

Nil.