



AUDIT COMMITTEE REPORT

Report Title	Insurance Management Update
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AGENDA STATUS: PUBLIC

Meeting Date:	7 th November 2011
Policy Document:	No
Directorate:	Finance and Support
Accountable Cabinet Member:	Cllr Alan Bottwood

1. Purpose

1.1 To provide the Committee with an overview of the Council's Insurance Management function.

2. Recommendations

2.1 To note the developments within insurance.

3. Issues and Choices

3.1 Report Background

3.1.1 This report outlines the Council's arrangements for managing its insurance needs. The report summarises the insurance cover in place and provides a snapshot of the recent claims history.

3.2 Issues

3.2.1 The Council has a number insurance policies in place, each covering a suite of perils and protecting different assets, for example, staff, buildings, fine art and the wider public.

3.2.2 Each of the insurance policies has a policy-excess, below which the Council manages the claim and pays the associated costs. The excess for Public Liability and Employer's Liability claims is £25,000 and for Motor Vehicle and Property Damage claims is £1,000.

3.2.3 The table below summarises the policies the Council has in place and the approximate sums insured:

Table 1 – Council Insurance Policies

Policy	Approximate Sum Insured
Leasehold Properties	£55,000,000
Fine Arts Policy	£31,000,000
Travel	£10,000,000
Engineering Insurance	£250,000
Engineering Inspection	Included in other policies
General Properties	£186,000,000
Commercial Properties	£147,000,000
Work In Progress	£4,000,000
Domestic Housing Stock	£1,300,000,000
Mortgaged properties	£250,000
Money	£60,000
Computer	£2,800,000
Business Interruption	£30,000,000
Fidelity Guarantee	£3,000,000
Motor vehicle	£5,000,000
Public/Employer's Liability	£30,000,000
Officials Indemnity	£5,000,000
Terrorism	Included in other policies

3.2.4 Each year the Council's Insurance Broker will undertake an Insurance Fund Review and Gap Analysis to identify where the Council may need to adjust its cover.

3.2.5 The table below provides a summary of the Council's recent claims history:

Table 2 – Recent Claims History

Year	Motor Vehicle	Employers Liability	Public Liability	Property Damage
2006/07	96	9	276	35
2007/08	87	3	246	25
2008/09	76	4	220	23
2009/10	62	5	213	10
2010/11	64	10	215	14
2011/12	17	0	75	8

- 3.2.6 There is a general trend towards a reduction in the number of claims received by the Council. However, claims can be brought against the Council for up to three years for a personal injury claim and six years for property damage, following the claim-event and therefore, for 2010/11 and 2011/12 in particular, we would expect further claims to be made relating to this period.
- 3.2.7 Each month the Insurance Department issues an Insurance Monitoring Report to Heads of Service and Directors. The report highlights the new claims received, claims closed during the month and provides the service with a summary of the current cost exposure relating to Insurance.
- 3.2.8 The table below provides an extract taken from the September Insurance Monitoring Report:

Table 3 - extract from the September Insurance Monitoring Report

Financial Values	Estimate (£)	Paid (£)	Total (£)
Sep-11			
Housing Services	433,487	58,484	491,971
Asset Management	53,609	1,424	55,033
Culture & Leisure*	1,007,165	41,443	1,048,608
Facilities	11,400	5,741	17,141
Town Centre Operations	101,806	12,464	114,270
Revenues & Benefits	0	0	0
Neighbourhood Environmental Services	123,490	123,925	247,415
Finance and Support	12,200	0	12,200
Total (£)	1,743,157	243,480	1,986,637

- 3.2.9 *Please note - the figure for Culture and Leisure includes a £1M claim dating back to 2002. As the claim involved a minor the claim remains open until the minor reaches the age of 21. The Council's financial exposure relating to this claim is £25,000 as this is the excess payable. All other costs will fall to the Insurance Company.
- 3.2.10 In table three above, the 'Estimate' is the amount we initially allocate to a claim upon receipt. The 'Paid' can either be an interim or final payment. If an interim payment, there would normally be an estimate still attached to the claim. The 'Total' is the cumulative sum taking into account both the estimate and paid amount.
- 3.2.11 The report acts as an additional trigger for action to be taken to remedy the defect that has caused the claim or to put new procedures in place to prevent similar claims occurring in future.
- 3.2.12 In the future the Council expects to see a reduction in the number of claims due to the outsourcing of some higher-risk services, Environmental Services and Leisure. Claims relating to these services will now fall to the respective contractor.
- 3.2.13 The Council has Insurance Broking Services in place. This service has recently been through a tender exercise and new Brokers, AON, have been appointed. When a new Broker comes onboard it is a good opportunity to

have a fresh look at our insurance cover and identify any potential savings or gaps that require attention.

3.2.14 The Broker arranges all the Insurance cover required by the Council, provides advice on insurance matters and manages unusual or employee related claims. We ask our Broker to manage all Employee Liability claims to avoid any potential conflict of interest.

3.2.15 The Insurance Department currently has an electronic Claims Management System in place, MIMS, which enables reports and research on the Council's claims history to be undertaken.

3.2.16 This system has been in place for many years and we are now seeking to update the current system, over the coming months, with the aim of improving Management Information. For example, a useful report would be on the claims history broken down by service area and by type of claim (e.g. trip, flood etc.). At present the retrieval of this information requires a large amount of manual intervention.

3.3 Choices (Options)

3.3.1 None.

4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no specific policy implications arising from this report.

4.2 Resources and Risk

4.2.1 There are no specific resource implications arising from this report.

4.3 Legal

4.3.1 There are no specific legal implications arising from this report.

4.4 Equality

4.4.1 There are no specific equalities implications arising from this report.

4.5 Consultees (Internal and External)

4.5.1 The Director of Finance and Support and the Insurance Officer.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 *To be completed.*

4.7 Other Implications

4.7.1 None.

5. Background Papers

None.

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