



## **POLICY AND RESOURCES SCRUTINY COMMITTEE – 3RD JUNE 2014**

**SUBJECT: INSURANCE RENEWAL 2014-2015**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & S151 OFFICER**

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### **1. PURPOSE OF REPORT**

- 1.1 To advise the Scrutiny Committee of arrangements made to provide insurance cover for the 2014-15 financial year.

### **2. SUMMARY**

- 2.1 The report provides details of the Insurance Premiums payable for 2014/15 under an existing Long Term Agreement, which commenced in April 2013.

### **3. LINKS TO STRATEGY**

- 3.1 The various Council strategies involve delivery of services to residents and there are inherent risks which the Council needs to insure against.

### **4. THE REPORT**

- 4.1 This is the first renewal following a successful OJEU tender for insurances in 2013, which resulted in a new 7 year Long Term Agreement at favourable rates.
- 4.2 The insurance market has been facing some very uncertain times, with a major public sector insurer increasing rates at renewal and breaking Long Term Agreements, forcing many local authorities to re-tender for their insurances. Those who had to re-tender faced increases in premium of up to 200%. Fortunately, following proactive discussions with our insurers pre-renewal, our insurers were more than happy with the way that CCBC had performed over the last year, and our insurance rate has remained as per our Long Term Agreement. Overall, our premiums have slightly decreased, which is very reassuring in such a volatile current market.
- 4.3 The table below shows the premiums paid to the external market. It should be noted that the vast majority of premiums are held in an internal fund. This relates to the fact that we self-insure up to £250,000. It is extremely pleasing to note that savings again have been made on last years spend.

<b>Class of Business – CCBC Services</b>	<b>2012/2013 (£)</b>	<b>2013/2014 (£)</b>	<b>2014/2015 (£)</b>
Material Damage Package	238,481.05	275,105.88	275,105.88
Fidelity Guarantee	9,500.00	14,000.00	14,000.00
Combined Liabilities	167,900.00	167,500.00	169,139.00
Motor Fleet	214,000.00	196,245.00	161,020.00
Personal Accident/Travel	33,393.21	4,304.00	4,338.00
Engineering/Computer	47,069.67	28,000.00	29,306.81
Contractors All risks	29,491.66	22,000.00	22,000.00
<b>SUB TOTAL</b>	<b>739,835.59</b>	<b>707,154.88</b>	<b>674,909.69</b>
Marsh Fee	41,500.00	39,500.00	40,685.00
<b>TOTAL</b>	<b>781,335.59</b>	<b>746,654.88</b>	<b>715,594.69</b>

<b>Class of Business – Rechargeable</b>	<b>2012/2013 (£)</b>	<b>2013/2014 (£)</b>	<b>2014/2015 (£)</b>
Tenanted Properties	25,630.67	Included in Material Damage Package	Included in Material Damage Package
Mortgaged Properties	3,614.75	Included in Material Damage Package	Included in Material Damage Package
Leasehold Flats	40,775.67	Included in Material Damage Package	Included in Material Damage Package
Offsite/Onsite Activities	17,022.28	11,669.81	14,086.55
<b>TOTAL</b>	<b>87,043.37</b>	<b>11,669.81</b>	<b>14,086.55</b>

## **Notes**

- (1) All premiums are net of commission, Insurance Premium Tax (IPT) and/or VAT.
- (2) The Long Term Agreement of a 5 year period plus an additional 2 years continues.
- (3) These premium levels remain low due to the continuing work carried out by the Authority to reduce its exposure to claims by good quality risk management, and robustly defending spurious and fraudulent claims.
- (4) The motor premium has reduced as we have increased our third party excess to £5000, which is in line with our own damage excess. This results in an overall premium reduction compared to last year of £32,245.19.

4.4 It is pleasing to note that the renewal terms received are within the framework set when the budget was prepared. This is not the case at other Councils and reflects the commitment and hard work by many Officers to manage risks within the Authority.

## **5. EQUALITIES IMPLICATIONS**

5.1 This report is for information purposes only, so the Council's full Equalities Impact Assessment process does not need to be applied.

## **6. FINANCIAL IMPLICATIONS**

6.1 As detailed throughout the report.

## **7. PERSONNEL IMPLICATIONS**

7.1 There are no personnel implications.

## **8. CONSULTATIONS**

8.1 There are no consultation responses which have not been reflected in this report.

## **9. RECOMMENDATIONS**

9.1 Members are asked to note the content of this report.

## **10. REASON FOR RECOMMENDATIONS**

10.1 To ensure that Members are aware of the Insurance Premiums for 2014-15.

## **11. STATUTORY POWER**

11.1 The Local Government Act 1972.

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S. Harris, Acting Head of Corporate Finance  
Cllr. K Reynolds

Background Papers:  
Marsh Renewal Report 2014. Background papers are exempt.