

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

INFORMATION

Agenda Item No 19

meeting date: 27 SEPTEMBER 2011  
title: INSURANCE RENEWALS 2011/12  
submitted by: DIRECTOR OF RESOURCES  
principal author: MICK AINSCOW

## 1 PURPOSE

1.1 To inform Committee of the insurance renewals for the period 20 June 2011 to 19 June 2012.

1.2 Relevance to the Council's ambitions and priorities:

- Council Ambitions/Community Objectives

None directly. However, in accordance with the Council's risk management policy it is essential that all our functions and services be adequately insured.

- Other considerations

The Council is legally bound to ensure adequate insurance arrangements are maintained in certain areas, e.g. employer's liability.

## 2 BACKGROUND

2.1 A tendering exercise was carried out in 2006, resulting in Zurich Municipal being appointed as our insurers on a five year long-term agreement effective from 20 June 2006. The agreement also gave us the option to extend for a further two years i.e. until 20 June 2013, should terms be favourable.

2.2 During 2010 we received notification from the Lancashire Procurement Hub (LPH) of which the Council are members – saying that they were looking to get involved in a national procurement project for insurances services. We provided details of our insurance spend, excess levels, claims experience, etc to the LPH and considerable progress was made on the project. In early 2011 we were advised that one of the companies involved in the project was closing and that the project would be delayed by approx 6 months before any further progress could be made.

2.3 Given that the renewal date for our insurers was June 2011, the envisaged 6 month delay in the collaborative project would take us past that date and we therefore needed to make alternative provision for our insurances.

2.4 A report was presented to Policy and Finance Committee on 29 March 2011 and members resolved to agree to an extension of the current contract for a further 1 or 2 years depending on the terms offered. At the end of this period it was resolved that a full tendering exercise be carried out via the LPH.

2.5 Following discussions with our insurers, the existing agreement was extended for a further two years until 19 June 2013.

### 3 RENEWALS

3.1 Renewal terms for 2011/12 are as follows:

Policy	Premium		Increase/ Decrease £	%	Notes
	2010/2011 £	2011/12 £			
Material Damage (Fire)	12,550	12,014	-536	4.3	
Terrorism	2,129	2,235	106	5.0	
Business Interruption	2,484	2,281	-203	8.1	
Theft	945	1,133	188	19.9	<sup>1</sup>
Money	618	604	-14	2.3	
All Risks	6,995	7,412	417	6.0	
Public Liability	29,667	27,500	-2,167	7.3	
Professional Negligence	682	689	7	1.0	
Officials Indemnity	1,777	1,610	-167	9.4	
Employers Liability	14,813	15,903	1,090	7.3	
Libel and Slander	673	493	-180	26.7	
Motor	45,240	41,858	-3,382	7.5	
Engineering	3,318	3,702	384	11.6	
Fidelity Guarantee	1,381	1,236	-145	10.5	
Land Charges	2,550	1,849	-701	27.5	<sup>2</sup>
Personal Accident	802	792	-10	1.2	
Public Health Act	338	330	-8	2.4	
Computers	1,407	1,622	215	15.3	<sup>3</sup>
	<b>128,369</b>	<b>123,263</b>	<b>-5,106</b>	<b>4.0</b>	

#### Notes

- <sup>1</sup> Increase in cost of theft premiums nationally.  
<sup>2</sup> Reduction in number of searches anticipated.  
<sup>3</sup> Increase in value of items covered.

### 4 COMMENTS ON RENEWAL TERMS

- 4.1 Total cost of premiums for 2011/12 has fallen by £5,106 (4%) on the previous years figure.
- 4.2 Our overall claims experience continues to be good with a fall in the number of claims submitted in 2010/11 compared to previous years.

Claims experience over the last 5 years is as follows:

2006/07	34	2007/08	22
2008/09	19	2009/10	24
2010/11	17		

	Liability	Motor	Property	Total
Claims outstanding 20.06.10	1	11	0	12
Claims during year	3	11	3	17
Settled during year	2	13	1	16
Claims outstanding 19.06.11	2	9	2	13

5 CONCLUSION

5.1 The net cost of premiums for 2011/12 is £123,263 compared with £128,369 in 2010/11. The cost of premiums for 2011/12 includes an amount of £6,575 in respect of insurance premium tax, which is charged at a rate of 6%. Included in the 2011/12 budget for insurance is an amount of £139,560, so the 2011/12 premium cost can easily be met.

6 RECOMMENDED THAT COMMITTEE

6.1 Note the renewal of the Council's insurances for 2011/12.

PRINCIPAL AUDITOR

PF53-11/MA/AC  
7 September 2011