

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

INFORMATION

Agenda Item No 18

meeting date: 25 SEPTEMBER 2012
title: INSURANCE RENEWALS 2012/13
submitted by: DIRECTOR OF RESOURCES
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1 PURPOSE

1.1 To inform Committee of the insurance renewals for the period 20 June 2012 to 19 June 2013.

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.

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 2012/13 are as follows:

Policy	Premium		Increase/ Decrease £	%	Notes
	2011/2012 £	2012/13 £			
Material Damage (Fire)	12,014	12,422	408	3.4	
Terrorism	2,235	2,287	52	2.3	
Business Interruption	2,281	2,389	108	4.7	
Theft	1,133	1,359	226	19.9	¹
Money	604	588	-16	2.6	
All Risks	7,412	7,222	-190	2.6	
Public Liability	27,500	27,300	-200	0.7	
Professional Negligence	689	689	-	-	
Officials Indemnity	1,610	1,568	-42	2.6	
Employers Liability	15,903	15,900	-3	0.1	
Libel and Slander	493	493	-	-	
Motor	41,858	37,314	-4,544	10.8	²
Engineering	3,702	4,502	800	21.6	³
Fidelity Guarantee	1,236	1,203	-33	2.7	
Land Charges	1,849	1,805	-44	2.4	
Personal Accident	792	778	-14	1.8	
Public Health Act	330	321	-9	2.7	
Computers	1,622	2,325	703	43.3	⁴
	123,263	120,465	-2,798	2.2	

Notes

- ¹ Increase in number and value of mechanics own tools covered at Salthill Depot.
² Reduction in vehicle numbers – both leased cars and general.
³ Increase nationally in premium for engineering (lifts, boilers, etc.) cover.
⁴ Increase in equipment covered (servers and network equipment now added).

4 ISSUES

4.1 The total cost of premiums for 2012/13 has fallen by £2,798 (2.2%) on the previous year's figure.

4.2 Our overall claims experience continues to be very good with a fall in the number of claims submitted in 2011/12 compared to previous years.

Claims experience over the last 5 years is as follows:

2007/08	22
2008/09	19
2009/10	24
2010/11	17
2011/12	16

	Liability	Motor	Property	Total
Claims outstanding 20.06.11	2	9	2	13
Claims during year	4	11	1	16
Settled during year	4	11	1	16
Claims outstanding 19.06.12	2	9	2	13

5 RISK ASSESSMENT

5.1 The approval of this report may have the following implications.

- Resources – cost to the council in defending any legal action as a result of a lack of insurance cover and cost of any premium increases as a result of poor claims history.
- Technical, Environmental and Legal – the Council are legally bound to ensure adequate insurance arrangements are maintained in certain areas, e.g. employers' liability.
- Political – no implications identified.
- Reputation – if the Council failed to comply with legislation or failed to adequately insure it would reflect badly on our reputation.

6 RECOMMENDED THAT COMMITTEE

6.1 Note the renewal of the Council's insurances for 2012/13.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

PF54-12/MA/AC
12 September 2012

BACKGROUND PAPERS

None

For further information please ask for Mick Ainscow, extension 4540