

INFORMATION

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 23

meeting date: 6 SEPTEMBER 2016
 title: INSURANCE RENEWALS 2016/17
 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 2016 to 19 June 2017.

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 are legally bound to ensure adequate insurance arrangements are maintained in certain areas e.g. employers liability.

2 RENEWALS

2.1 A tendering exercise for the Council's insurances was carried out in 2013, resulting in Zurich Municipal being appointed as our insurers on a five year long-term agreement effective from 20 June 2013.

2.2 The Council's insurances were renewed on 20 June 2016 under the terms of the long-term agreement.

2.3 Renewal terms for 2016/17 are as follows:

Policy	Premium		Increase/ Decrease £	%	Notes
	2015/2016 £	2016/17 £			
Material Damage (Fire)	13,666	14,729	1,063	7.8	¹
Terrorism	2,344	2,513	169	7.2	
Business Interruption	1,790	1,870	80	4.5	
Theft	1,399	1,872	473	33.8	²
Money	598	645	47	7.9	
All Risks	4,760	4,834	74	1.6	
Public Liability	32,674	38,555	5,881	18	³
Professional Negligence	530	548	18	3.4	
Officials Indemnity	1,677	1,799	122	7.3	
Employers Liability	17,742	20,365	2,623	14.8	⁴
Libel and Slander	498	515	17	3.4	
Motor	39,753	39,822	69	0.2	
Engineering	7,016	7,334	318	4.5	
Fidelity Guarantee	1,849	2,020	171	9.2	
Land Charges	1,581	1,805	224	14.2	⁵
Personal Accident	956	1,019	63	6.6	
Public Health Act	332	359	27	8.1	

Policy	Premium		Increase/ Decrease £	%	Notes
	2015/2016 £	2016/17 £			
Computers	1,534	1,582	48	3.1	
	130,699	142,186	11,487	8.8	⁶

Notes

- ¹ Revaluation exercise carried out in respect of public buildings resulting in increase in sum insured.
- ² Increase reflects national trend rather than any claims from ourselves.
- ³ Increase in submitted claims – 7 in 2015/16 compared to 3 in 2014/15.
- ⁴ Claims outstanding back to 2012 still being negotiated by insurers.
- ⁵ National trend rather than any claims/issues from ourselves.
- ⁶ Insurance premium tax increased from 6% to 9.5% which accounts for approx. £4,300 of the total increase.

3 COMMENTS ON RENEWAL TERMS

- 3.1 Total cost of premiums for 2016/17 has risen by £11,487 (8.8%) on the previous year's figure. Public and employers liability premiums have risen due to an increase in claims submitted and also an increase in the potential settlement amounts of outstanding claims.
- 3.2 Our claims experience this year has been poor compared to previous years – claims submitted over the last 5 years are as follows:

	Liability	Motor	Property	Total
2011/12	4	11	1	16
2012/13	3	8	1	12
2013/14	6	5	3	14
2014/15	3	13	0	16
2015/16	7	23	0	30

We continue to ensure that we act on any cause around insurance claims, and take action to mitigate the possibility of future claims.

	Liability	Motor	Property	Total
Claims outstanding 20.06.15	5	2	0	7
Claims during year	7	23	0	30
Settled during year	5	17	0	22
Claims outstanding 19.06.16	7	8	0	15

4 RISK ASSESSMENT

- 4.1 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. The insurance cost for 2016/17 can be met from within existing resources.
- 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.
- Equality and Diversity – no implications identified.

5 RECOMMENDED THAT COMMITTEE

5.1 Note the renewal of the Council's insurances for 2016/17.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

PF41-16/MA/AC
24 August 2016

BACKGROUND PAPERS: *None*