

**REPORT TO:           AUDIT & RISK MANAGEMENT SUB-COMMITTEE - 25 JANUARY 2010**  
**REPORT ON:           INTERNAL BENCHMARKING OF INSURABLE LOSSES**  
**REPORT BY:           RISK AND BUSINESS CONTINUITY MANAGER**  
**REPORT NO:          42-2010**

**1       PURPOSE OF REPORT**

This report provides Elected Members with comparative claims figures for the policy years 2007, 2008 and 2009.

**2       RECOMMENDATIONS**

It is recommended the Committee:

- i       notes the claims data provided;
- ii      continues to monitor the progress of the claims data presented; and
- iii     continues to support Risk Management activity to control self insured losses.

**3       FINANCIAL IMPLICATIONS**

There are no immediate financial implications from the content of this report as the claims costs are contained within the allowances made for such losses in the Council's Insurance Fund.

**4       MAIN TEXT**

- 4.1     Members' attention is drawn to the content of Report No 75-2009 to the Audit and Risk Management Sub-Committee of 29 April 2009 highlighting prior year's claims performance. An updated summary of the Council's claims performance over the major classes of insurance is attached as an Appendix to this report.

The following observations are made:

- a) In overall terms, the cost to the Council of claims is stable and contained within existing financial provisions for such losses.
- b) In nearly every class of insurance there has been a reduction in the number of claims intimated to the Council's Insurance and Risk Management Section.
- c) In the majority of cases the self-insured payments made by the Council have decreased.
- d) The 2008 Property payment figure includes £450,000 in respect of the Fire at Craigie High School.

- e) Whilst the frequency of Motor Accidents has remained broadly static, 2009 saw an increase in the level of payments made. In part this is explained by continuing above inflation increases in the cost of vehicle repairs - but there have been a number of expensive incidents during the year. The Council has recently introduced its "Occupational Road Risks" Policy. A significant part of the procedures revolved around greater attention being paid by Departments to post accident analysis of the cause of accidents and the individual driver's accident history, all with a view to reducing the volume and value of accidents.
- f) The anticipated out-turn of Property self-insured payments of £450,000 in 2009 against a budget provision of £750,000 and a 35% reduction in the number of claims intimated to the Insurance Fund, are significant justifications of both the conscious decision to self-insure property exposures and the commitment towards risk management expenditure to minimise loss.

## 5 **POLICY IMPLICATIONS**

The subject matter of this report is concerned with one aspect of the Council's overall Risk Management strategy, namely the control of self-insured losses incurred by the Council.

## 6 **CONSULTATIONS**

The Chief Executive, Depute Chief Executive and Director of Finance have been consulted on the content of this report.

## 7 **BACKGROUND PAPERS**

None.

**RISK AND BUSINESS CONTINUITY MANAGER**

**18 JANUARY 2010**