

**REPORT TO: POLICY & RESOURCES COMMITTEE: 25 JANUARY 2010**

**REPORT ON: INSURANCE AND RISK MANAGEMENT PROGRAMME 2010-2011**

**REPORT BY: DIRECTOR OF FINANCE**

**REPORT NO: 27/2010**

## 1 PURPOSE OF REPORT

This report provides Elected Members with an overview of the proposed insured, self insured and risk management arrangements for the period 1 January 2010 to 31 December 2010.

## 2 RECOMMENDATIONS

It is recommended the Committee:

- 2.1 Notes the renewal of the 2010 insurance programme.

## 3 FINANCIAL IMPLICATIONS

The financial implications of the 2010 insured and self insured programme are set out below:

Class of Insurance	Insurers	Net Premium £	Insurance Fund Deposit for Self- Insured Losses £	Estimated Total Cost £
Property	Zurich Municipal	962,000	750,000	1,712,000
Liabilities	Zurich Municipal/AIG	284,000	600,000	884,000
Motor	Royal Insurance	140,000	200,000	340,000
Accident Inspection	Thomson Lumsden	8,000	-----	8,000
Personal Accident	AIG/Various	40,000		40,000
Broker Fees	Willis	3,000		3,000
Risk Management	-----	180,000		180,000
		<u>1,617,000</u>	<u>1,550,000</u>	<u>3,167,000</u>

The net effect of the foregoing will be that the 2010 insurance and risk management programme has been negotiated within the allowance included in the 2010 - 2011 Provisional Revenue Budget.

## 4 MAIN TEXT

- 4.1 Renewal of the City Council's Insurance programme has been successfully achieved within the framework of the Council's existing Long Term Agreement, which guarantees stability of rates, provided claims to premium ratios remain acceptable.

4.2 The following positive features in 2009's self-insured programme are worthy of note:

4.2 a) The self-insured provision for Fire and Malicious Damage to Council properties is set at £750,000. In most years this provision is representative of the sums expended in reinstating damaged property.

The anticipated outturn for the 2009 insurance year is £450,000, representing a £300,000 underspend.

The reduced expenditure is a direct result of the continued Risk Management efforts to curtail this area of loss and is particularly welcome at a time when resources are increasingly stretched.

4.2 b) The Risk Management Section has for approximately 18 months been working to assist the Roads Lighting Section to attempt recovery of costs associated with Street Lights which have been damaged by vehicular traffic.

Through direct contact with Insurers and the M.I.B (Motor Insurers Bureau) the Section has, to date, recovered £60,000.

## **5 POLICY IMPLICATIONS**

5.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equal Impact Assessment and Risk Management.

5.2 A stable Insurance Programme is a fundamental part of the Council's Risk Management Strategy in that it provides a cost effective means of transferring the cost of catastrophic events to Insurers, thereby providing the Council with budget stability.

## **6 CONSULTATIONS**

The Chief Executive and Depute Chief Executive (Support Services) have been consulted on the content of this report.

## **7 BACKGROUND PAPERS**

None.

**MARJORY M STEWART**  
**DIRECTOR OF FINANCE**

**07 January 2010**