

REPORT TO: FINANCE COMMITTEE - 17 APRIL 2000

REPORT ON: 2000/2001 INSURANCE AND RISK MANAGEMENT PROGRAMME

REPORT BY: DIRECTOR OF FINANCE

REPORT NO: 293-2000

1 PURPOSE OF REPORT

This report provides an overview of the proposed insured/self-insured and risk management arrangements for the financial year 2000/2001.

2 RECOMMENDATIONS

It is recommended that the Committee:-

approves the Insurance programme, self-funding arrangements, claims handling procedures and risk management strategy for the 2000/2001 financial year as detailed in this report.

3 FINANCIAL IMPLICATIONS

The financial implications of the 2000/2001 insured and self insured programme are set out below:

Class	Insurers	Net Premium £	Insurance Fund Deposit for Self-Insured Losses £	Estimated Total Cost £
Property	Commercial General Union	269,000	785,000	1,054,000
Liabilities	Zurich Municipal	228,000	479,000	707,000
Motor	Royal Sun Alliance	75,000	161,000	236,000
Accident Inspection	John Davidson & Co	3,500	-	3,500
Personal Accident	American International Group	30,000	-	30,000
Miscellaneous		69,000	-	69,000
Broker Fees	Willis Corroon	3,500	-	3,500
Risk Management		-	<u>75,000</u>	<u>75,000</u>
		<u>678,000</u>	<u>1,500,000</u>	<u>2,178,000</u>

The net effect of the foregoing will be that the 2000/2001 insurance and risk management programme has been negotiated within the provision contained within the approved 2000/01 Revenue Budget.

4 LOCAL AGENDA 21 IMPLICATIONS

None.

5 EQUAL OPPORTUNITIES

None.

6 BACKGROUND

This year's insurance renewal negotiations have taken place against a background of hardening rates of premium as insurers have generally found losses exceeding premium contributions. This is particularly the case in respect of Property insurance.

In addition, there is a growing necessity for the Council to effect Professional Indemnity insurance for circumstances where we provide design services to outside bodies. This now accounts for an additional annual premium of £15,000.

Finally, the increase in Central Government Insurance Premium Tax from 4% to 5% has resulted in a modest annual increase of £6,250 on the programme.

Notwithstanding the aforementioned, the overall cost of the programme has been contained at the same level as last financial year.

7 RISK MANAGEMENT

Assistance to departments in managing their risk exposures continues by way of the provision of advice, training and funding.

Whilst this will continue in the current financial year it is intended to consider ways in which departments can use Risk Management advice and analysis in a more strategic manner in future. Any progress on this initiative will be subject to separate reporting.

8 CONCLUSION

Whilst "inflationary" influences have been brought to bear on the programme the overall expenditure has been contained at last year's level.

Continued recognition of Risk Management techniques by departments is necessary to ensure future control of losses.

DAVID K DORWARD
DIRECTOR OF FINANCE

BACKGROUND PAPERS

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.