

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

Policy and Resources Cabinet Board

21 September 2016

Report of the Head of Financial Services – David Rees

Matter for Decision

Wards Affected - All

Insurance Arrangements 2016/17

Purpose of Report

1. The purpose of the report is to seek Members confirmation of the insurance arrangements for 2016, which are co-ordinated on our behalf by our insurance brokers, Marsh Limited.

The report outlines the cost of providing the insurance cover for the Council's main policies and provides a comparison with the previous financial year.

Background

2. The Council's Long Term Agreements for the insurance cover of property, fidelity guarantee, combined liability, professional indemnity, motor fleet, contractors all risks, hired in plant and computer were put in place from 1st October 2015.

Approval of the insurance renewals is required in advance of the 1st October each year to ensure that the Council continues to have adequate insurance cover in place.

Financial Impact - Premiums 2016/17

3. Insurers have confirmed that they are not increasing the premium rates that they included in the long term agreement which commenced 1st October 2015. The reason for premium increases is due to a change in the number/value of properties, vehicles, ICT equipment etc. being insured. The total cost for our tendered Insurance premiums, fees, etc. for renewal from 1st October 2016 is £944,279 (inclusive of 10% insurance premium tax). Table 1 below summarises the total renewal cost by class of business and includes the 2015/16 figures for

comparison purposes. The most significant increase in the costs since last year is Insurance Premium Tax which has increased to 10% from 6%. Also, the cost of insurance for buildings has risen to reflect the introduction of the new school into the Council's property portfolio.

Included in the total cost of Insurance premiums and fees is a claims handling deposit premium of £73,280 payable to Gallagher Bassett International for handling liability claims on behalf of the Authority and our liability insurers. The actual claim handling cost is subject to variation based on the actual number of claims received per policy area.

Table 1

Class of Business	Current Provider	2015/16	2016/17
		£	£
Material Damage (Buildings)	AIG via RMP	306,976	328,690
Fidelity Guarantee	QBE via RMP	14,425	14,425
Combined Liabilities	QBE via RMP	211,725	211,725
Combined Liabilities-SWTRA	QBE via RMP	132,515	132,515
Professional Indemnity	QBE via RMP	6,700	6,700
Motor Fleet-Minimum Deposit Policy	QBE via RMP	64,650	65,550
Motor retro Low Claims Rebate	QBE via RMP	-2,887	0
Contractors All Risk / Hired in Plant	HSB via RMP	7,779	7,779
Computer	HSB via RMP	4,151	4,778
Insurance Premium Tax		44,762	77,216
Total Premium (including Tax)		790,796	849,378
Claims Handling	Gallagher Bassett	72,966	73,280
Insurance Consultants Fees	Marsh	21,621	21,621
TOTAL		885,383	944,279

4. The policy renewal conditions remain the same as in 2015/16. These are:
- Combined Liability, which covers Employers and Public Liability insurance, has an excess for each and every claim of £100,000. The Aggregate Stop remains at £3.1m.
 - Material Damage, which covers building insurance, has a self-insurance element amounting to £100,000. This increases to £250,000 for schools. The Aggregate Stop remains at £1m.
 - Motor Fleet insurance has an excess for each and every claim of £100,000. The Aggregate Stop remains at £350,000.

The Authority will aim to maintain reasonable internal budgets to fund the self-insured excesses.

Equality Impact Assessment

5. There is no requirement for an equality impact assessment in respect of this item.

Workforce Impact

6. There are no workforce impacts in respect of this item.

Legal Impact

7. There is no legal risk to the Authority.

Risk Management

8. Ensuring that there are appropriate insurance policies in place mitigates the Council's costs in the case of legitimate insurance claims.

Consultation

9. There is no requirement for external consultation on this item.

Recommendation

10. It is recommended that Members approve the Council's Insurance Renewal Arrangements effective from 1st October 2016.

Reason for proposed decision

11. To provide a decision in relation to the Council's Insurance arrangements, which need to be in place before the 1st October 2016.

Implementation of decision

12. The decision is an urgent one for immediate implementation, subject to the consent of the relevant Scrutiny Chair as the insurance policies have to be put in place by the 1st October 2016.

List of Background Papers

13. Insurance Renewal Report 2016

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