

# NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

## CABINET

### REPORT OF THE DIRECTOR OF FINANCE & CORPORATE SERVICES

12<sup>th</sup> September 2018

#### Matter for Decision

#### Wards Affected - All

#### Insurance Arrangements 2018/19

#### Purpose of Report

1. The purpose of this report is to seek Members confirmation of the insurance arrangements for 2018, which are co-ordinated on our behalf by our insurance broker, 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

3. The total cost for our tendered Insurance premiums, fees, etc. for renewal from 1st October 2018 is £1.069m (inclusive of 12% insurance premium tax). Table 1 below summarises the total renewal cost by class of business and includes the 2017/18 figures for comparison purposes.

**Table 1**

<b>Class of Business</b>	<b>Current Provider</b>	<b>2017/18</b>	<b>2018/19</b>
		<b>£</b>	<b>£</b>
Material Damage (Buildings)	AIG via RMP	309,874	323,139
Fidelity Guarantee	QBE via RMP	14,690	15,570
Combined Liabilities	QBE via RMP	239,897	241,507
Combined Liabilities-SWTRA	QBE via RMP	156,471	157,567
Professional Indemnity	QBE via RMP	6,700	6,700
Motor Fleet-Minimum Deposit Policy	QBE via RMP	78,225	77,000
Contractors All Risk / Hired in Plant	HSB via RMP	7,779	2,122
Computer	HSB via RMP	4,549	4,549
Issue specific policies	Various	58,877	62,712
Insurance Premium Tax		105,247	106,904
<b>Total Premium (including Tax)</b>		<b>982,309</b>	<b>997,770</b>
Claims Handling	Gallagher Bassett	52,818	49,957
Insurance Consultants Fees	Marsh	21,621	21,621
<b>TOTAL</b>		<b>1,056,748</b>	<b>1,069,348</b>

4. The total cost of insurance shows a small increase of 1% which reflects the additional material damage (building) insurance costs because of the increased value relating to new school buildings.

Included in the total cost of insurance premiums and fees is a claims handling deposit premium of £50k 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.

5. The main policy renewal excesses are as follows:

- The Combined Liability policy, which covers Employers and Public Liability insurance has an excess for each and every claim of £100,000, with the Aggregate Stop at £3.1m.
- The Material Damage policy, which covers building insurance has a self-insurance element amounting to £100,000. This increases to £250,000 for schools. The Aggregate Stop is £1m.
- The Motor Fleet insurance policy has an excess for each and every claim of £135,000, with the Aggregate Stop of £413,475.

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

### **Equality Impact Assessment**

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

### **Workforce Impact**

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

### **Legal Impact**

8. There is no legal risk to the Authority.

### **Risk Management**

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

### **Consultation**

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

### **Recommendation**

11. It is recommended that Members approve the Council's Insurance Renewal Arrangements effective from 1<sup>st</sup> October 2018.

## **Reason for proposed decision**

12. To provide a decision in relation to the Council's Insurance arrangements, which need to be in place before the 1st October 2018.

## **Implementation of decision**


13. The decision is an urgent one for immediate implementation, subject to the consent of the relevant Scrutiny Chair.

## **List of Background Papers**

14. Insurance Renewal Report 2018


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