

<b>Title of Report:</b>	<b>Corporate Insurance Strategy</b>
<b>Committee Report Submitted To:</b>	<b>Corporate Policy and Resources</b>
<b>Date of Meeting:</b>	<b>22<sup>nd</sup> November 2022</b>
<b>For Decision or For Information</b>	<b>For Decision</b>

<b>Linkage to Council Strategy (2019-23)</b>	
Strategic Theme	Cohesive Leadership. Council operates as an effective corporate unit with a common purpose and culture
Outcome	Establish a Corporate Insurance Strategy for the Council
Lead Officer	Head of Performance

<b>Budgetary Considerations</b>	
Cost of Proposal	N/A
Included in Current Year Estimates	<b>YES</b>
Capital/Revenue	Revenue
Code	
Staffing Costs	N/A

<b>Screening Requirements</b>	Required for new or revised Policies, Plans, Strategies or Service Delivery Proposals.		
Section 75 Screening	Screening Completed:	Yes	Date: N/A
	EQIA Required and Completed:	No	Date: N/A
Rural Needs Assessment (RNA)	Screening Completed	Yes	Date: N/A
	RNA Required and Completed:	No	Date: N/A
Data Protection Impact Assessment (DPIA)	Screening Completed:	Yes	Date: N/A
	DPIA Required and Completed:	No	Date: N/A

## **1.0 Purpose of Report**

1.1 The purpose of this report is to ask Elected Members to approve the draft Corporate Insurance Strategy as set out in Appendix 1.

## **2.0 Background**

2.1 A recent internal Audit report has highlighted the requirement for a Corporate Insurance Strategy for Causeway Coast and Glens Borough Council.

2.2 The Corporate Insurance Strategy aims to provide a focus on how the Council manages insurance and is detailed within Appendix 1.

2.3 The Council has 16 Insurance Policies in place to cover the requirements of the services it provides and areas of risk associated with those services.

2.4 The Strategy will be updated as required given the insurance market is ever changing and recent experience has indicated a lack of market competition and increasing costs. The Strategy will be formally reviewed every 3 years.

## **3.0 Recommendation**

**It is recommended** that the Corporate Policy and Resources Committee approve the draft Corporate Insurance Strategy as detailed in Appendix 1.

**Appendix 1.**



**Causeway  
Coast & Glens  
Borough Council**

**Causeway Coast and Glens Borough Council  
Corporate Insurance Strategy**

**2022-2025**

## 1.0 Background

The broad principal of insurance is that the premiums collected from the many pay for the claims of a few, while still allowing the insurer to meet overheads, pay dividends, build reserves and reinsure to protect themselves.

Some certain types of insurance are legally compulsory for most organisations and even where exemptions exist Council chooses to purchase the insurance to transfer the risk. These policies include Public Liability, Officials Indemnity, Property and Art. There are also other statutory requirements under various health and safety regulations, including The Lifting Operations and Lifting Equipment Regulations (Northern Ireland) 1999 (LOLER), The Provision and Use of Work Equipment Regulations (Northern Ireland) 1999 (PUWER), Pressure Systems Safety Regulations (Northern Ireland) 2004, requiring statutory inspection of certain types of equipment at specific intervals, by a qualified person.

These inspections are also covered and included as part of the engineering insurance policy.

Insurance Premium Tax is levied on all policies purchased by Council at a rate of 20%.

This strategy sets out the Council's overall approach to the management of its corporate insurance programme through relevant policies of insurance. It is intended that the strategy will be reviewed and updated on a three-year cycle. The strategy will enhance the Council's ability to:

- Identify risk and ensure adequate types and levels of insurance are in place to meet the requirements of the Council.
- Ensure the safeguarding of Council assets and protect the Council from reputational loss.
- Manage and investigate insurance claims against the Council
- Assist middle management to understand their responsibilities with regard to accident incident investigation.

## 2.0 Purpose of Strategy

To ensure that:

- An Insurance Strategy for Council is in place which considers the insurance needs for Council; the structure of the cover, the overall level of risk, how Council will deal with insurance policy excesses etc.
- The level of employer's liability insurance held by the Council is in line with the recommended minimum level for local authorities (£10m)
- The level of public liability insurance held by the Council is in line with the recommended minimum level for local authorities (£10m)

- The level of officials' indemnity insurance held by the Council is in line with the recommended minimum level of similar cover for professional indemnity (£1m)
- The level of property insurance matches the total value of property set out on the property schedule prepared by the Council
- The motor insurance held provides cover for any motor vehicle in the Council's custody or control and does not therefore require to be updated each time a vehicle is purchased or hired.
- An appropriate procedure is in place to ensure the broker is informed of any changes to items insured which may affect the insurance cover
- Impending renewal date(s) are flagged in a timely manner to the insurance officer
- All levels of insurance are reviewed by the relevant Council personnel in advance of the annual meeting with the insurance broker and the result reported to the insurance officer
- An annual meeting is held with the broker in a timely manner, in advance of the renewal date
- The broker provides a renewal report in time to facilitate appropriate review and approval
- The annual renewal report is reviewed, agreed and approved at the appropriate levels of Council.

By implementing this Strategy the Council aims to minimise potential effects of losses and maintain a parallel objective with the organisation's Corporate Plan. The key benefits of this approach will include;

- Protection of the reputation of the Council
- Provision of transparency in relation to premium charges
- Ensuring that Council remains an attractive risk to insurers and underwriters
- Encouragement and incentivising of Directorates and Departments to reduce and manage risk
- Robust claims investigation and fraud detection
- Reduction of premiums
- Protection of Council assets

These objectives will be achieved by;

- Regular review of the requirement for cover
- Using claims experience and trend analysis to ensure that claims are regularly investigated and root causes identified
- Developing relationships with the broker and their investigators
- Regular claims review meetings to establish whether liability should be disputed
- Establishing a dedicated claims handling protocol
- Providing appropriate training to relevant staff dealing with claims handling

### **3.0 Insurance Broker**

The Council tenders on a 4-year cycle for the appointment of an Insurance Broker. ABL Insurance is the current Broker. The Broker fulfils a number of roles such as carrying out the annual OJEU procurement of Insurance, undertaking quarterly claim reviews, assisting with claim investigations and liaising with the Insurance Companies appointed by the Council.

### **4.0 Current Insurance Cover and Associated Costs**

The Council tenders annually for 16 insurance policies. A breakdown of costs over the previous 3 years is set out below. One of the key challenges is the increase in premiums that show a concerning upward trend. One of the factors is the limited market which suppresses competition.

<b>Insurance Policy</b>	<b>2019/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>
Combined Liabilty	616,292.54	759,360.00	760,809.00
Officials Indemnity	39,760.00	59,464.33	51,397.26
Commercial Combined	134,753.00	147,367.36	134,364.00
Motor Fleet	139,552.00	109,793.60	156,464.00
Councillors Code of Conduct – Legal Expenses	2,240.00	2,105.60	2,105.60
Commercial Legal Protection	43,591.25	38,910.30	34,979.84
Group PA/Travel	786.90	786.90	710.08
Engineering Inspection	20,176.56	27,229.10	29,705.69
Engineering Combined	7,641.76	7,641.76	7,641.76
Cyber	10,080.00	-	34,720.00
Crime	8,635.20	9,682.40	12,180.00
Marine Liability	20,374.60	19,355.87	19,967.39
Marine Cargo – Events Stage	-	1960.00	1,960.00
Exhibition & Regalia	2,674.62	2,674.62	2,753.24
Environmental Impairment	-	-	50,324.00
Contractors All Risk	9,244.48	9,244.48	9,244.48
Engineering Additions	-	6519.00	-
Fleet Additions/Deletions	7,181.43	12,148.64	-
Service Fee	9,950.00	14,950.00	14,900.00
<b>TOTAL</b>	<b>1,063,802.91</b>	<b>1,217,045.96</b>	<b>1,328,552.30</b>

## 5.0 Policy Excesses

A number of the policies procured by the Council are subject to claim excesses. This is the amount of money the Council will contribute in the event of a claim. In respect of the current policies these are as follows:

POLICY	
Combined Liability – (PL/EL)	£500
Officials Indemnity	£25,000 in respect of Officials Indemnity, Elections, Land Charges, Libel & Slander, Defence Costs & Public Health Act. Nil in respect of Court Attendance & Loss of or Damage to Documents.
Commercial Combined – (Property)	Property Damage – General: £1,000 Unoccupied Premises: £5,000 Property Damage – Waste Recycling Centres: £25,000 Property Damage – Public Conveniences, Pavillions & Property in Open Spaces – Malicious Damage: £2,500, Fire, Lightening, Water, Flood, etc: £1,000 Property All Risks: £1,000
Motor Fleet	Accidental Damage, Fire & Theft: £250 Windscreen: £50
Councillors Code of Conduct – Legal Protection	Nil
Commercial Legal Protection	Nil
Group PA/Travel	
Engineering Inspection	
Engineering Combined	General - £250 Fire, Theft & Malicious Damage: £500
Cyber	50,000.00
Crime	25,000.00
Marine Liability	£5000
Marine Cargo – Events Stage	£500
Exhibition & Regalia	£250
Environmental Impairment	£25,000
Contractors All Risk	General - £250 Fire, Theft & Malicious Damage: £500



The list of Policy Access amounts will be communicated to Finance prior to insurance renewal to enable an allowance to be made in the annual budget. The amount allowed for will be an estimate based on the average previous three years actual access pay outs.

## 6.0 SWOT Analysis

### Strengths

- Historical information for trend analysis purposes
- Dedicated Insurance staff resource in place
- Long-term working relationship with the Broker
- Effective accident claim investigation team in place
- Important safety systems in place such as the Driver Audit software
- Finance raised through the rates process to procure all necessary Insurance Policies
- Health and Safety and Council Insurance Services managed within the same Department thereby optimising efficiency, management and use of information and deployment of good practice.

### Opportunities

- Use of GIS to identify key risk areas
- New accident reporting software being procured
- Potential for Self-Insurance
- Reducing the claims ratio and successful challenge against claims will potentially reduce annual insurance premiums

### Weaknesses

- No allowance for Excesses should claims arise within certain policies
- Requirement for improved evidence gathering post accidents and incidents
- Claims culture in respect of Public Bodies
- On Going requirement for a strict risk assessment process across Council Services and the human error factor that can arise with large numbers of staff employed

### Threats

- Limited number of Insurance companies competing for business
- Unknown factors impacting from BREXIT
- Increasing annual insurance premiums due to market pressures

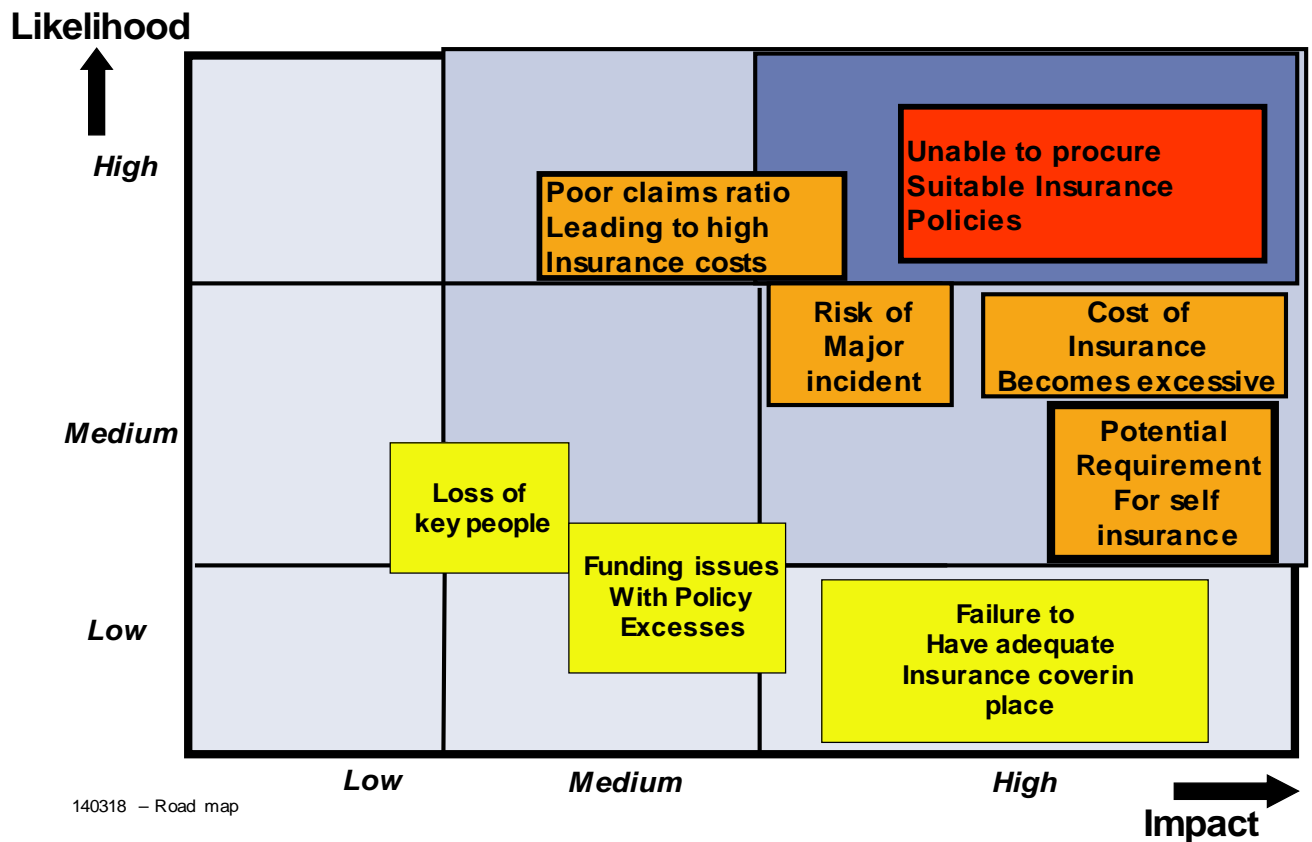
- Major accident claims will impact negatively on the claims ratio performance of the Council thereby potentially increasing premiums over an extended period to time.
- Reputational damage to Council associated with certain types of accidents

## 7.0 Risk Analysis

One of the factors that is assessed on an on-going basis is risk. At an operational level within service areas, there are risk assessments carried out and updated by Management. This process identifies areas of risk and mitigating actions to reduce the likelihood of incidents occurring and their impact if they should do so. The mitigations that emanate from the risk assessments are often the cornerstone in defending claims. Likewise, there is a requirement to identify the key risks associated with Corporate Insurance and these are placed on the risk matrix below and reviewed regularly. Lack of market competition has resulted in difficulty in procuring certain insurance cover and this is a developing and concerning situation which is reflected in the matrix.

### Risk analysis

Causeway Coast and Glens District Council



## **8.0 Self-Insurance**

As part of the analysis of risk, each insurance policy will be reviewed annually to identify costs against the potential level of claim to ascertain if self - insurance is a consideration. Self-Insurance requires the Council to decide if it is willing to accept the risk of claims against a particular policy and then making allowances in the annual budget or reserves to cover the cost of any such claim. If the Council decides to explore this approach, external expertise will be required to assist with the process. Self-Insurance will require the Council to carry out its own insurance investigations and procure specialised legal services to support the litigation process. The potential for additional staff resources and the cost of legal services must be considered as part of the business case.

## **9.0 Claims History**

Claims are monitored on an on-going basis and are discussed in detail at quarterly meetings organised by the Council's Insurance Broker. These meetings review evidence gathering in claims defence and updates are provided in relation to on-going cases. Successful defence of claims and reduction in the level of settlement have a positive impact on the Council's claim history. The claims history is an important element that is assessed by companies as part of the annual tender submission process and the Council is keen to defend court claims where there is a reasonable likelihood of a successful outcome. A negotiated reduced settlement which does not involve court costs is at times the appropriate line to take, this based on legal advice.

## **10.0 Fixed Asset Register**

As part of the annual insurance renewal process, the Insurance Officer will meet with Finance staff to ensure the asset list used for the renewal aligns with the list held by Finance. This will also then align with any Land and Property valuation updates ensuring that Council assets are insured in line with their actual value.

## **11.00 Allocation of Insurance Costs**

Government accounts require the Council to break down insurance costs into Employee and Public Liability, Premises, Transport related and Other. Internally Finance break down these costs across relevant budgets and where there is not a direct alignment, remaining costs are allocated by premises Net Book Value and budgeted employee costs.

## **12.0 Reporting to Council**

Prior to commencement of the annual insurance procurement process or for any other reason during the financial year, a report will be presented to Council detailing

insurance claims, premiums paid out, success in defending cases or settling cases out of Court. The report will present a breakdown by insurance policy.

### 13.0 Actions to be addressed in 2022/2023

The strategy will be formally reviewed every 3 years but will be updated as required.

Action	Review date	Responsibility	RAG Status
All accidents and incidents to be recorded on GIS software			
New accident/incident reporting software to be procured and fully operational			
Staff training to be in place for the new software system			
Finance to be informed of all annual policy excesses and allowance to be made in the Council reserves			
Annual insurance review process to commence with Broker in December 2022 to prepare information for procurement process			
OJEU process to commence in January 2022 to source Insurance across the 16 policies			
Risk register to be reviewed on a bi-annual basis or as required			
IOSH training to be delivered to key staff across the Council funded by the Council's Insurers			
Commence research in relation to the process of self-insurance			
Provide on going update reports to Council on risk, claims and costs			





