

REPORT TO: FINANCE COMMITTEE - 16 AUGUST 2004

REPORT ON: INSURANCE AND RISK MANAGEMENT PROGRAMME 2004/05

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 526-2004

1 PURPOSE OF REPORT

This report provides an overview of the proposed insured/s elf-insured and risk management arrangements for the financial year 2004/05.

2 RECOMMENDATIONS

It is recommended the Committee

- ratifies the Insurance programme, self-funding and claims handling procedures for the 2004/2005 financial year as detailed in this report.

3 FINANCIAL IMPLICATIONS

The financial implications of the 2004/2005 insured and self-insured programme are set out below:

Class of Insurance	Insurers	Net Premium £	Insurance Fund	Estimated Total Cost £
			Deposit for Self-Insured Losses £	
Property	Zurich Municipal	1,328,000	900,000	2,228,000
Liabilities	Zurich Municipal/AIG	315,000	600,000	915,000
Motor	Royal Sun Alliance	82,000	200,000	282,000
Accident Inspection	John Davidson	6,000	-	6,000
Personal Accident	AIG/Various	28,000	-	28,000
Miscellaneous	Various	110,000	-	110,000
Broker Fees	Willis	5,000	-	5,000
Risk Management	-	-	180,000	180,000
		<u>1,874,000</u>	<u>1,880,000</u>	<u>3,754,000</u>

The net effect of the foregoing will be that the 2004/2005 insurance and risk management programme has been negotiated within the provision contained in the approved 2004/2005 Revenue Budget.

4 LOCAL AGENDA 21 IMPLICATIONS

None.

5 EQUAL OPPORTUNITIES IMPLICATIONS

None.

6 BACKGROUND

Although renewal terms were intimated very late by Insurers, this was a more stable renewal exercise than in previous years.

All insurance covers were renewed at the same rate of premium as 2003/2004.

All insurances, other than Property, are due to be tendered prior to next year's renewal and this exercise will be afforded priority by the Insurance and Risk Management Section later this year.

7 RISK MANAGEMENT ACTIVITY

On a positive note the Council's Risk Management efforts significantly contributed to a 10% reduction in the number of Public Liability claims intimated against the Council and a £590,000 improvement on anticipated outturn in self-insured payments for the 2003/2004 financial year.

8 CONSULTATION

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

9 BACKGROUND PAPERS

None.

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6 AUGUST 2004