



CABINET - 7 NOVEMBER 2001

**PORTFOLIO: FINANCE
AND SUPPORT**

INSURANCE PREMIUMS

1. INTRODUCTION

- 1.1 The purpose of this report is to inform Members of the increase in insurance premiums above the Council's original budget, and the reasons for these increases.

2. BACKGROUND

- 2.1 Two companies, Zurich Municipal and St. Paul, provide the majority of the Council's insurance cover.
- 2.2 Long-term agreements have been entered into with both companies and these arrangements expire in 2003. The agreements provide for discount on the premiums and in some circumstances where claims are below a % of the premium charged the restriction on annual increases to inflation based on re-assessed value of assets.
- 2.3 In the current year both companies have proposed increases in respect of some of the premiums that exceed those anticipated. This will also form the basis for future premiums.
- 2.4 The main reason stated for the increases is that there is a significant hardening of the insurance market as a result of the general increases in both numbers and value of claims by all their customers not specifically those made by this Council. There has also been some adjustment by Zurich Municipal to align its premium costs with that charged by other providers.
- 2.5 The long-term arrangement with Zurich Municipal allows for a 10% discount on most premiums, 5% on motor premiums, and a further 5% where these are supplied as part of a package. This agreement has produced significant savings in premiums in previous years.
- 2.6 A comparison of the premiums charged in respect of the main policies for the last four years is shown in **Appendix 1**. This also shows the value of claims made against those policies together with some reasons for the level of claims and action taken to reduce them.
- 2.7 The Council uses the services of Jardine Lloyd Thompson, an independent firm of insurance brokers, to advise on insurance provision and cost. Their

advice is that the premiums being charged are competitive and represent the current best value.

3. FINANCIAL IMPLICATIONS

- 3.1 The increase in premiums for 2001/02 is £46,965 above that provided for in the Council's original budget; £10,160 of this amount is chargeable to the Housing Revenue Account, the remaining £36,805 being a charge to the General Fund.
- 3.2 Future premiums will be based on these proposed increases, and a further bid has been included in the expenditure plans for 2002/03.
- 3.3 The premiums are as follows:

Insurance Cover	Original Budget	Actual Premium
	£	£
Employees	51,960	58,275
Housing Stock		
Property and contents	72,880	86,406
Commercial Vehicles	41,730	53,121
Leased cars	36,850	37,134
Third Party, Fidelity and Money	42,420	57,930
Computer	2,030	1,969
All Risks	1,797	1,797
Total	249,667	296,632

4. ENVIRONMENTAL IMPLICATIONS

- 4.1 None arising directly from this report.

5. CRIME AND DISORDER IMPLICATIONS

- 5.1 None arising directly from this report.

6. RECOMMENDATIONS

- 6.1 A supplementary estimate from the General Reserve be approved for the sum of £36,805 to meet the additional cost of the insurance premiums for 2001/02;
- 6.2 A supplementary estimate from the Housing Revenue Account reserve be approved for the sum of £10,160 to meet the additional costs of insurance premiums for 2001/02.

For further information please contact:

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Background Papers:

None

Policy Type	Year	Premium	Total Claim	
Vehicles				
Commercial Vehicles	1998	£30,015.00	£30,582.49	
	1999	£31,395.69	£29,611.00	
	2000	£36,168.00	£36,699.45	
Previous 3 Years		£97,578.69	£96,892.94	
Current Premium	2001	£49,095.76		
Leased Vehicles				
Leased Vehicles	1998	£28,770.00	£30,109.04	1
	1999	£27,896.00	£22,945.37	
	2000	£34,776.00	£27,850.03	
Previous 3 Years		£91,442.00	£80,904.44	
Current Premium	2001	£35,365.84		
Employees				
Personal Accident	1998	£12,601.33	£17,804.52	
	1999	£12,648.85	£25,442.11	
	2000	£13,829.65	£13,227.33	
Previous 3 Years		£39,079.83	£56,473.96	
Current Premium	2001	£23,081.33		
Employers Liability	1998	£27,441.58	£0.00	
	1999	£28,017.88	£12,795.73	
	2000	£30,633.41	£0.00	
Previous 3 Years		£86,092.87	£12,795.73	
Current Premium	2001	£32,418.78		
Properties				
Housing	1998	£36,518.33	£152,961.21	2
	1999	£37,655.17	£28,028.43	
	2000	£37,720.64	£18,754.39	
Previous 3 Years		£111,894.14	£199,744.03	
Current Premium	2001	£50,546.92		
General/Offices	1998	£15,202.24	£16,609.43	3
	1999	£15,962.35	£5,695.81	
	2000	£16,760.47	£9,712.30	
Previous 3 Years		£47,925.06	£32,017.54	
Current Premium	2001	£19,257.15		
Public Liability	1998	£32,941.20	£77,452.60	4
	1999	£29,782.50	£40,253.01	5
	2000	£29,782.50	£16,403.67	
Previous 3 Years		£92,506.20	£134,109.28	
Current Premium	2001	£38,717.25		

Reasons for claims

1. Leased Cars

The main reason for claims exceeding premiums in 1998 was that a leased car and a third party vehicle were written off as a result of two separate accidents which totalled over £16,000.

Leased car drivers are now included in the ROSPA safe driving award scheme and have through UNISON support been offered the opportunity to participate in Advanced Driving courses.

2. Housing Properties

There were a number of house fires in 1998 resulting from arson attacks.

Housing properties are fitted with smoke alarms in an effort to safeguard tenants and minimise the effects of house fires.

3. General Properties

There were a significant number of claims resulting from vandalism to public conveniences some of which related to previous years.

4. Public Liability

Four large claims were paid in 1998 two of which related to trips in car parks.

There has been a significant reduction in successful claims for such trips as a result of the comprehensive inspection program now carried out in the Council's car parks.

5. Public Liability

There were three significant claims in 1999 but examination shows no common theme.