



Committee and date

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ANNUAL INSURANCE REPORT 2008/09

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Summary

Insurance plays a major part in protecting the Council's assets and its position with regard to third party claims. With the transition to a Unitary Council, a new insurance portfolio was arranged for Shropshire Council for the policy year 2009/2010.

An annual report is provided by the Risk Management and Insurance team to summarise the claims activity during the previous policy year, taking note of the claims handled for the major types of insurance in force and identifying any trends that have occurred. This report summarises the claims activity for 2008/2009 policy year and relates to Shropshire County Council claims only.

The data is extracted from the Zurich Municipal's system QLAS. Unfortunately, none of the districts or boroughs used this system and we are therefore unable to include such detailed information for them. However, the data available will be analysed and compared with Shropshire Council in the policy years to come.

When reading the report it is important to bear in mind that claims can take several years to close and therefore the data referring to closed claims will not necessarily be reflecting those claims which have been opened in the same period. Similarly the amounts paid out in the last policy year will be less because there will still be a larger amount of claims open and the longer the file remains open, the more likely a payment will be made on it.

Report

1. The Council has a large portfolio of insurance, but this report restricts its contents to an overview on the key elements which are Public Liability, Employers Liability, Motor and Property.
2. The report makes a comparison with previous policy years and therefore trends can be studied.
3. In 2008/2009 a total of 387 claims were received which was a slight increase on the previous years claims history. Whilst a slight increase has been recorded, the number of claims received by Shropshire Council is generally less than other Councils. This is extremely pleasing and shows the continuing good work undertaken by the Council to ensure all procedures are in place and well documented. Robust Risk Management throughout the Authority helps to ensure

1. that claims are reduced and those that are received can be defended wherever possible.

Public Liability

4. The majority of claims received during the year related to Public Liability claims. A total of 223 claims were received, and whilst this is an increase of 33 claims on 2007/2008 policy year where 190 claims were received, it is equal to the number of claims received during the 2006/2007 policy year.
5. Highways' claims account for 201 of the 223 claims and these relate in the main to pothole and trips/slips claims.
6. The repudiation rate (the number of claims closed with no payment being made) for 2008/2009 stands at 89% which reflects the Council's robust claims and record keeping procedures which allows us to successfully repudiate this high percentage of claims. This figure will change as more claims are closed throughout the forthcoming years.

Motor

7. Motor falls into two categories within the report, 'third party' and 'own damage'. The council only insures Third Party and an internal motor fund is utilised to pay for our own damage claims.
9. Motor Own Damage - A total of 87 claims were received during 2008/2009 which was an increase on the 58 claims received over the previous year. A detailed report will be produced for Development Services in which we will analyse the reasons for the increase in the number of the claims. At present, there are still a large number of claims associated with vehicles manoeuvring at low speeds with 24 incidents relating to vehicles reversing and 22 incidents relating to the misjudgement of objects such as gateways, bollards, walls, posts and hedges.
10. Motor Third Party – A total of 43 claims were received which was a slight increase on the 40 claims received the previous year. Where it is deemed that the incident was not our fault, we will actively pursue reimbursement from the third party for the cost of damage to our vehicle. This ensures that we obtain reimbursement for our outlay wherever possible and indeed we frequently receive reimbursement. For 2008/9 £7,394.89 has been recovered and there are currently 10 open claims with the potential for a future recovery from the third party. In 2007/8 £5,834.25 was recovered and £4,520.48 in 2006/7.

Property

11. During 2008/2009 a total of 12 property claims were received which is a decrease over the previous year when 25 claims were received. The majority of the claims relate to damage caused through severe weather over which we have no control. All we can do is ensure that our buildings are regularly maintained so any damage can hopefully be kept to a minimum.

Employers Liability

12. A total of four Employers Liability claims were received during 2008/2009 which was a decrease on the eight claims from the previous year. Bearing in mind the number of employees at the Council, this is a very low figure and is testament to the good procedures and practices within the Council as a whole.

Conclusion

13. Whilst the number of claims received during the policy year has increased in two areas; Public Liability and Motor, it is very pleasing to note the reduction in claim numbers for all other areas of cover. It is particularly good to see the low numbers of Employers Liability claims, only 4 received in the whole year.
14. As at 31st March 2009 a total of 197 claims had been closed and only 113 of these were closed with a payment being made with a cost of £37,113.19 in net payments. This is an average of £328.44 per claim which is an improvement on the figure for 2007/2008 of £1,517.10.
15. It will be interesting to see how the policy year 2009/2010 performs, bearing in mind the new services undertaken by Shropshire Council.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

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Human Rights Act Appraisal

The recommendations contained in this report are compatible with the provisions of the Human Rights act 1998.

Environmental Appraisal

N/A

Risk Management Appraisal

A failure to have robust insurance arrangements in place could lead to an increase in claim payouts made and increased insurance premiums.

Community / Consultations Appraisal

N/A

Cabinet Member:

N/A

Local Member

N/A

Appendix

Appendix A - Risk Management & Insurance Annual Report 2008/2009