



Committee and date

Audit Committee

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Public

ANNUAL INSURANCE REPORT 2009/2010

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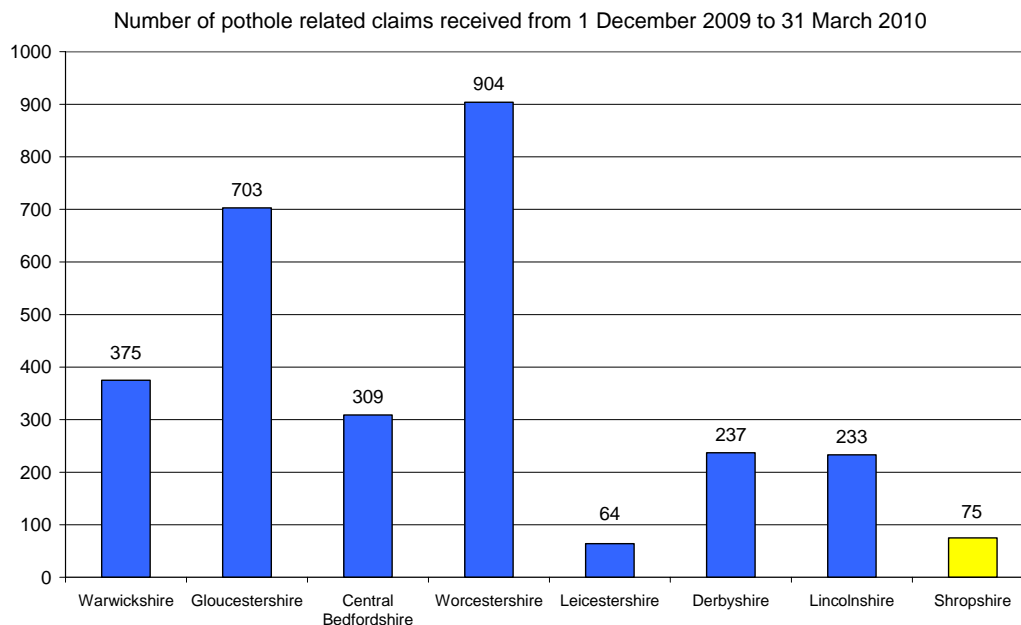
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Summary

- 1.0 This annual report is provided by the Risk Management and Insurance team to summarise the claims activity during the last policy year, taking note of the claims handled for the major types of insurance and identifying any trends that have occurred.
- 1.1 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.

Report

- 2.0 The insurance report gives a comparison of the policy year 2009/2010 with the previous policy year 2008/2009.
- 2.1 In the first policy year as Shropshire Council, it is pleasing to note that the number of claims received during 2009-2010 has only increased by eight claims over the previous policy year. The small increase is also pleasing when consideration is given to the hard winter experienced and the number of pothole claims received by other authorities.
- 2.2 The increase in claim numbers relate to Employers Liability, Motor and Land Charges claims. The first two areas are explained by the increase in the number of staff for Shropshire Council and the increase in the fleet numbers. Land Charges claims are recorded on a 'claims made' basis as opposed to being allocated to the year in which the event occurred. For this reason the wider responsibility of Shropshire Council will have been reflected in the increase in the number of claims received.
- 3.0 **Public Liability** – It is pleasing to note that the number of Public Liability claims fell during 2009-2010. This is exceptionally good when other authorities have seen their public liability claims soar with the number of pothole claims they have received. A recent benchmarking exercise was undertaken between local authorities regarding the number of pothole claims received and the results are detailed in the table below.



- 3.1 As the majority of our public liability claims relate to highway claims, it is due to the excellent work undertaken by the Highways inspectors that we did not receive large numbers of claims.
- 3.2 At the time of collating the data for the report, 300 public liability claims had been closed over the past two policy years and only 36 of these were settled with any payment being made. We therefore repudiated 264 claims which resulted in a saving for the council of £671,000 in potential claims payments. Thus the benefits of good risk management, the hard work undertaken by Council employees and the robust defence of our claims can clearly be seen.
- 3.3 Since March 2007 we have been issuing claim forms for completion by the claimant. Of the 681 claim forms issued during that time, 213 of these were either never returned or included sufficient information to allow us to forward the form to a third party who were at fault. This has saved the Council approximately £43,000 on claims handling costs.
- 4.0 **Employers Liability** – Although only a small number of these claims are received, they usually tend to be higher in value because they often relate to physical injury as opposed to damage to property. 2009-2010 saw a small increase in the number of claims received by Shire Services (three), however this is an area where claims are to be expected due to the type of work carried out. The majority of the claims relate to slips and trips whilst at work.
- 5.0 **Motor** – There are two types of motor claims, own damage and third party damage. Shropshire Council only insure third party damage with insurers, our own damage is paid out of an internal motor fund. In 2009-2010, 177 motor claims were received and 110 of these related to own damage claims.
- 5.1 The last policy year has seen a large increase in the number of motor claims received by Development Services and Libraries. Most of the claims are related to damage caused during manoeuvres or reversing. Detailed reports are supplied to each Directorate which will allow them to identify any driver who may need additional driver training or any vehicle which may require manoeuvring aids.

- 6.0 **Property Claims** – 2009-2010 saw a slight reduction in the number of property claims received – 28 down to 24. However, there was a fire at the Marches School which exceeded the policy excess of £100,000 and this one claim will distort the figures. The damage caused by the explosion in the centre of Shrewsbury was, fortunately, not as extensive as first thought.
- 7.0 **Schools’ Travel Scheme** – Following the introduction of this scheme in October 2005, we are delighted to report that 96% of schools have joined. As the costs involved and the cover provided are extremely competitive, schools have saved considerable amounts of money and time by joining the scheme. The types of claims which are received are detailed in the attached report but vary from lost property to being unable to go on a trip due to ill health.
- 7.1 The policy year for the Schools’ Travel Scheme runs from October each year and we have been advised that for a sixth year running Insurers will not be increasing the premium.
- 8.0 At a recent Risk Management Group meeting, our Insurers confirmed that Shropshire Council has one of the lowest premium rates charged across the country and this is because of the excellent risk management processes in place. They advised that the claims history is excellent and stated that they wished that they had many more accounts like Shropshire Council.
- 9.0 **Benchmarking** - The Insurance team participated in the CIPFA benchmarking exercise and the results are very positive as detailed below.

Employers liability, number of claims received per 1,000 FTE – Shropshire Council 3.4, average is 14.7. (Fig.1)

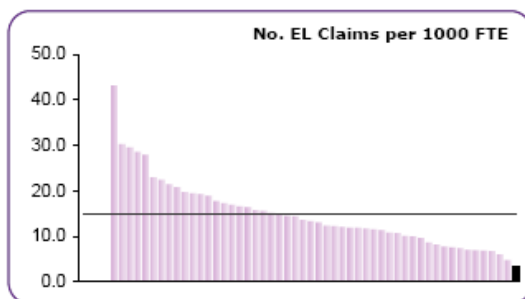


Fig.1

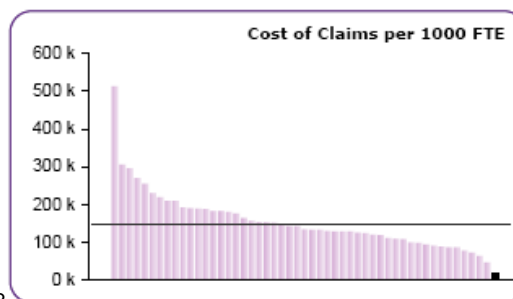


Fig.2

- Employers liability, cost of claims per 1,000 FTE - Shropshire Council is £21,000, average is £149,000. (Fig.2)
- Employers liability, premium charged per employee - Shropshire Council is £4.80 per employee, the average is £11.50.
- Public liability, premium charged head of population – Shropshire Council is £0.40 per head of population, the average is £0.90.
- Public liability, number of claims received per 1,000 FTE is below average – Shropshire Council 3.5, average is 7.7. (Fig.3)

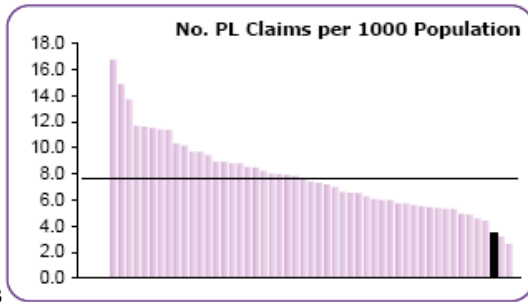


Fig.3

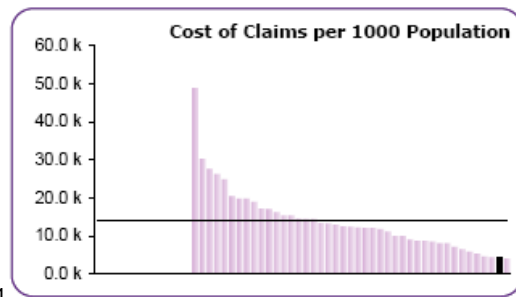


Fig.4

- Public liability cost of claims per 1,000 FTE - Shropshire Council is £6,000, average is £18,200. (Fig.4)
- Public liability, average cost per claim paid – Shropshire Council is £3,835, average is £5,334.
- Schools, cost per claim for fire, lightning and explosion – Shropshire Council is £6,000, average is £99,000. (Fig.5)
- Public liability, our repudiation rate – Shropshire Council 83.2%, average is 70.5%. (Fig.7)

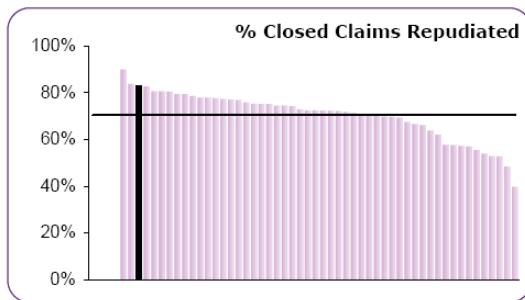


Fig.7

Conclusion

- 10.0 It is pleasing to note that there has only been a small increase in the number of claims received during this policy year despite the fact that our exposure as a Council has increased following the move to Unitary.
- 10.1 In a year where extreme weather conditions were experienced, Shropshire Council has certainly 'bucked the trend' where pothole claims are concerned. This is due to the excellent work carried out by the Highways teams and the robust defence of our claims when appropriate.
- 10.2 The results compared to other authorities are also pleasing and the very complimentary comments made by our Insurers and Brokers confirms the benefit of the hard work 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 and good risk management procedures in place could lead to an increase in claim payouts made and increased insurance premiums.

Community / Consultations Appraisal

N/A

Cabinet Member:

Keith Barrow (Leader of the Council), Brian Williams (Chairman of Audit Committee)

Local Member

N/A

Appendix

Appendix A - Risk Management & Insurance Annual Report 2009/2010