

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

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| REPORT TO: | Audit Committee | | |
| DATE: | 12 October 2021 | | |
| TITLE: | Insurance Claim Analysis | | |
| TYPE OF REPORT: | Monitoring | | |
| PORTFOLIO(S): | Cllr Dickinson, Finance Portfolio Holder | | |
| REPORT AUTHOR: | Carl Holland, Financial Services Manager | | |
| OPEN/EXEMPT | OPEN | WILL BE SUBJECT TO A FUTURE CABINET REPORT: | No |

REPORT SUMMARY/COVER PAGE

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| PURPOSE OF REPORT/SUMMARY: To provide data in response to the request from Audit Committee for details of the Councils Insurance claim history. |
| KEY ISSUES: The Borough Council insures many of its risks with an external provider. It also self-insures some risks through maintenance of an earmarked reserve. The attached report provides a summary of claims for each of the past five financial years and the current year to date. |
| OPTIONS CONSIDERED: Not Applicable. |
| RECOMMENDATIONS: The Audit Committee are invited to note the contents of the report and to feedback any comments to officers for further consideration. |
| REASONS FOR RECOMMENDATIONS: The data is provided in support of the Audit Committee review of the Council's control and risk assurance framework. |

REPORT DETAIL

1. Introduction

- 1.1. The Audit Committee included in its 2021/2022 Work Programme a request for data regarding the number and type of claims that the Borough Council is processing.
- 1.2. The Borough Council insures some of its risks with an external provider. It also self-insures some risks through maintenance of an earmarked reserve. This report provides a summary of claims for each of the past five financial years and the current year.

2. Monitoring Report

- 2.1. As part of its remit to consider adequacy of assurance over the Borough Council's risk management framework, the Committee asked for detail to be provided regarding the Borough Council's insurance claim activity. Below is an outline of the arrangements for monitoring adequacy of insurance cover and the volume and value of claims handled.
- 2.2. Insurance claims are administered within the Borough Council's Finance Team. Most claims are referred directly to the Council's insurers for assessment and payment. The Council has a policy of funding claims for theft from its revenue account or for more material incidents, from the earmarked reserve. Excess payments charged to revenue are :-
 - £2,517.00 for 2018/19,
 - £5,485.08 for 2019/20, and
 - £6219.00 for 2020/21.
- 2.3. Within Earmarked Reserves there are three reserves in place for self-insurance purposes, totalling £190k. These have not been used in the past three financial years to date and balances are as follows:-

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|-----------------------------|-------------|
| - Theft Reserve | £76,479.63 |
| - General Insurance Reserve | £106,877.48 |
| - Excess Reserve | £6,722.24 |
- 2.4. The Borough Council maintain earmarked reserves for funding any (a) claim excess amounts and any claims below excess levels and (b) for claims relating to theft. In the first instance excess amounts are applied against service revenue budgets, rather than automatically funded from the reserve.
- 2.5. The insurance provision is currently being tendered for a three-year contract with an option to extend by two years. The current contract has operated for five years, including an extension of 2 years. The decision to award the new contract is to be presented to Cabinet on 16 November 2021.

- 2.6. Table A shows the number of claims that the Borough Council has processed in past 5 years and the current year to date. The claims are ranked by volume and type in total over the years shown. This shows that Public Liability and motor vehicle claims are the most common claim types.

*** Table A: Number of Claims by Type and Financial Year**

| Coverage Type | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | *21/22 | Total Claims |
|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|
| Public Liability | 39 | 31 | 31 | 34 | 16 | 12 | 163 |
| Motor | 17 | 13 | 12 | 15 | 12 | 6 | 75 |
| Property | 2 | 3 | 3 | 2 | 1 | | 11 |
| Employers Liability | | 1 | 1 | | 1 | | 3 |
| Computer | | 1 | | | | | 1 |
| Miscellaneous | | | | | 1 | | 1 |
| Grand Total | 58 | 49 | 47 | 51 | 31 | 18 | 254 |

in this report show 2021/22 data as at 8 September 2021

- 2.7. The number of open claims are shown in table B, of which there are two that date back to prior to 2018/19 and are still actively being progressed by the Council's insurer.

Table B: Volume of Open Claims by Year and Type

| Coverage Type | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | *21/22 | Total |
|--------------------|----------|----------|----------|----------|-----------|-----------|-----------|
| Motor | | 1 | 1 | 1 | 5 | 5 | 13 |
| Property | | | | 1 | | | 1 |
| Public Liability | 1 | | 2 | 6 | 7 | 10 | 26 |
| Grand Total | 1 | 1 | 3 | 8 | 12 | 15 | 40 |

- 2.8. Table C below shows the number of claims settled with a payment compared to those settled without payment. The insurers consider the merits of each case on behalf of the Council and determine whether the council are compensated, a third party is compensated, or the claim is settled without payment. The table shows that the 80% of public liability claims have been successfully settled without compensation. The other types are a mix of public claims and third party claims.

Table C: Number of Settled Claims split by Payment/No Payment

| Settlement Type | With no payment | With payment | Grand Total | Claim settled with no payment % |
|---------------------|-----------------|--------------|-------------|---------------------------------|
| Public Liability | 109 | 28 | 137 | 80 |
| Motor | 15 | 47 | 62 | 24 |
| Property | 3 | 7 | 10 | 30 |
| Employers Liability | 1 | 0 | 1 | 100 |
| Miscellaneous | 1 | 0 | 1 | 100 |
| Computer | 0 | 1 | 1 | 0 |
| Grand Total | 129 | 83 | 212 | 61 |

- 2.9. Overall the data indicates that the Council predominantly process public liability claims, which are referred to the insurer and are effectively assessed for liability. The level of open claims weighted towards recent years, with progress still be made on open claims.

3. Issues for the Panel to Consider

- 3.1. The Audit Committee are invited to note the contents of the report and to feedback any comments.

4. Corporate Priorities

- 4.1. As well as insuring mandatory employee and motor risks, the Council is able to insure some of its Corporate Risks. Frequent and complex claims are promptly directed to its insurer in respect of claims for property, motor and professional indemnity. In doing so, this this supports the Council's ability to deliver the Corporate Plan.

5. Financial Implications

- 5.1. The Council is able to protect itself against a number of uncertain financial risks through its contribution to the insurance markets. Risk of loss and liability can emerge in respect of many of the Councils activities and assets, including its community and statutory functions, as well as its commercial, public and heritage assets. A competitive tender process is currently underway to ensure that the cost of insurance premiums are the most economically advantageous available to the Council.

6. Conclusion

- 6.1. The report is provided as information to the Audit Committee. The Council refers most claims to its insurer and both the insurer and officers in Financial Services monitor progression of the claims to address the claims and minimise the risk from liabilities and assets to the Council.

7. Background Papers

- 7.1. None