

NORTH LANARKSHIRE COUNCIL

REPORT

To: POLICY AND RESOURCES COMMITTEE (FINANCE SUB - COMMITTEE)		Subject : INSURANCE FOR RIGHT TO BUY PROPERTIES
From: DIRECTOR OF FINANCE		
Date : 13 AUGUST 2001	Ref: JV/IRF/ I23.15	

1. INTRODUCTION

- 1.1 Owner-occupiers of former Council properties purchased under the Right to Buy Legislation have the option to insure their properties with an insurer of their choice or to participate in the Block Policy administered by the Council.

2. BACKGROUND

- 2.1 The Council acts as an agent for the Insurance Company which provides the Block Buildings Policy. The Council's role is to maintain records of all participants, issue annual accounts, collect premiums and provide claim forms when required.
- 2.2 The Council went out to tender in April for renewal of the Block Policy from 15 May 2001. The successful company was Independent Insurance and all participants were notified and issued with new policies and statements of cover.

3. CURRENT SITUATION

- 3.1 Independent Insurance went into voluntary liquidation on 17 June 2001, however the policy has been taken over by Royal and Sun Alliance. The new arrangement means that there is no break in cover and the premium paid remains the same for the current year. All participants in the Scheme were notified by letter of the change and advised of the procedures with regard to submitting claims.

- 3.2 As a result of these new arrangements, claims for the period prior to the transfer of business to Royal and Sun Alliance i.e. between 15 May and 17 June, will be settled by the Policyholders Protection Board. The Policyholders Protection Board is a Statutory body set up to limit the loss suffered by individuals in the event of an Insurance Company being unable to meet the cost of claims. Payment is limited to 90% of the agreed claim. The Loss Adjuster, GAB Robins, will submit lists of finalised claims on a monthly basis and will receive funds from the Policyholders Protection Board in order to settle the claims. It is unlikely that those claimants who receive settlement from the Policyholders Protection Board will ever receive the remaining 10% of their claims from the Liquidator of Independent Insurance. The cost of the shortfall cannot be fully quantified at present but from the figures currently available it is unlikely that this would exceed £2,500 which could readily be funded from the commission received for administering the policy.
- 3.3 Claims arising after 17 June will be paid in full by Royal and Sun Alliance at the agreed settlement figure. GAB Robins will continue to administer claims as Loss Adjuster for Royal and Sun Alliance and claimants should receive settlement within seven days of the claim being agreed.
- 3.4 It is likely that the new policy arrangements will be for one year only and that the Council will require to re-tender the Policy on 15th May 2002.

4. RECOMMENDATION

It is recommended that the Committee:-

- 4.1 notes the change of Insurer to Royal and Sun Alliance following the liquidation of Independent insurance and the revised arrangements for settling claims.
- 4.2 considers meeting the additional 10% of claims not met by the Policyholders Protection Board with the total cost of this being unlikely to exceed £2,500.



Director of Finance