

AGENDA ITEM No. 15.

NORTH LANARKSHIRE COUNCIL REPORT

To: POLICY AND RESOURCES (FINANCE) SUB-COMMITTEE		Subject: INSURANCE RENEWALS 2005/06
From: DIRECTOR OF FINANCE		
Date : 2 nd March 2005	Ref: JV/LA	

1. Introduction

- 1.1 The purpose of this report is to provide the Committee with proposals for the renewal of the Council's Property and Liability Insurance policies for the year 2005/06.

2. Background

- 2.1 The Council's insurance arrangements were approved in 2001 with a Long Term Agreement to 31st March 2006. Members will recall that the long-term agreements were subject to review in March 2003 due to economic conditions and the Council's recent claims experience in both property and liability. This resulted in revised quotations, which were detailed in an update report dated 21st May 2003.
- 2.2 As was the case for 2004/05 the Council's insurance Adviser indicated that for the 2005/06 renewal, terms would be offered on both the Property and Liability Insurance within the Long Term Agreement, with only inflationary increases being applied to sums insured.

3. Property

- 3.1 Zurich Municipal has provided renewal terms for 2005/06 based on the same excess levels as last year. The excesses for General and Education properties remain at £500,000 per incident. For Housing, the excess on wet perils (storm damage, burst pipes, flooding) is maintained at £250,000 per incident. The Stop Loss is maintained at £1,500,000. (The Stop Loss refers to the total amount that the Council may have to pay in any one year, i.e. the insurer will pay for all costs if total claims under the excess exceed £1,500,000.) As in 2004/05, the Insurer's Stop Loss figure is unlikely to be breached. Therefore the Council's current funding arrangements are deemed to be sufficient.
- 3.2 Appendix 1 details the quotation submitted by Zurich Municipal for 2005/06 and compares this with the 2004/05 position. This quotation increases the premium by £8,356, including Insurance Premium Tax (IPT) over the actual premiums paid for 2004/05.
- 3.3 Terrorism cover is separate and the quotation for cover for 2005/06 is still awaited and will be reported to Committee in due course.

4. Liability

- 4.1 A quotation for 2005/06 was submitted by the St Paul insurance company, maintaining the excess level at £300,000 and increasing the Stop Loss by the Average Earnings Index from £3,760,000 in 2004/05 to £3,950,000. Similar to the Property Insurance, it is unlikely that the Council's Stop Loss figure will be breached and therefore the Council's current funding arrangements are deemed to be sufficient.
- 4.2 The appendix details the quotation submitted by St Paul for 2005/06 and compares this with the 2004/05 position. This quotation increases the premium by £10,332, including IPT, over the actual premiums paid for 2004/05.

5. Motor Vehicles

- 5.1 A quotation for 2005/06 was submitted by Zurich Municipal for motor vehicle insurance for the Council's fleet, maintaining the excess level of £1,000.
- 5.2 The appendix details the quotation submitted by Zurich Municipal for 2005/06 and compares this with the 2004/05 position. This quotation increases the premium by £3,545, including IPT, over the actual premiums paid for 2004/05.

6. Engineering Inspections

- 6.1 The Council has an Engineering Inspection programme with Zurich Municipal. This is in place to ensure that all relevant Council plant and equipment i.e. lifts, boilers and the like, are inspected under specific legislation. The annual fee for this is recharged to departments based on the assets being inspected.
- 6.2 The fee for this has increased from £186,950 in 2004/05 to £213,243 for 2005/06. The additional fee relates to the increase in the value of equipment in Council Departments that requires to be inspected. Where this increase relates to new service provision, the fee uplift will be met from within existing budgets.

7. Conclusion

- 7.1 Following renewal in 2004/05 within the long-term arrangements, it appears that the insurance market continues to operate in a more stabilised manner. This, combined with the Council's improving claims experience, has meant that insurers have again been able to offer renewal terms within the long-term agreement. Overall, premiums are set to increase by £48,526.

8. Recommendation

- 8.1 It is recommended that the Committee approves the following insurance arrangements for the year from 1 April 2005 :-
- Property insurance with Zurich Municipal at a premium, including IPT, of £1,668,392 and a Stop Loss of £1,500,000;
 - Liability insurance with St Paul at a premium, including IPT, of £419,188 and a Stop Loss of £3,950,000;
 - Motor insurance with Zurich Municipal at a premium, including IPT, of £265,391;
 - Engineering inspection with Zurich Municipal at a fee of £213,243.



DIRECTOR OF FINANCE

PROPERTY INSURANCE – ZURICH MUNICIPAL

2004/05

	Excess	Premium	Stop Loss
Housing	various	444,194	
Education	500,000	673,989	
General Properties	500,000	311,972	
Work In Progress	nil	5,771	
Fees, Debris removal etc	250,000	<u>145,061</u>	
		1,580,987	1,500,000
	plus IPT	<u>79,049</u>	
	TOTAL	<u>1,660,036</u>	

2005/06

	Excess	Premium	Stop Loss
Housing	various	450,061	
Education	500,000	807,251	
General Properties	500,000	179,736	
Work In Progress	nil	5,771	
Fees, Debris removal etc	250,000	<u>146,126</u>	
		1,588,945	1,500,000
	plus IPT	<u>79,447</u>	
	TOTAL	<u>1,668,392</u>	

LIABILITY INSURANCE – THE ST PAUL

2004/05

	Excess	Premium	Stop Loss
Combined Liability Policy	300,000	389,387	3,760,000
		<u>19,469</u>	
	plus IPT	<u>408,856</u>	
	TOTAL		

2005/06

	Excess	Premium	Stop Loss
Combined Liability Policy	300,000	399,227	3,950,000
		<u>19,961</u>	
	plus IPT	<u>419,188</u>	
	TOTAL		

MOTOR VEHICLES – ZURICH MUNICIPAL

2004/05

		Premium
Motor Vehicle Policy		249,378
	plus IPT	<u>12,469</u>
	TOTAL	<u>261,846</u>

2005/06

		Premium
Motor Vehicle Policy		252,753
	plus IPT	<u>12,638</u>
	TOTAL	<u>265,391</u>

ENGINEERING INSPECTIONS

2004/05

Fee
£186,950

2005/06

£213,243
