

Report

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Report to: **Risk and Audit Scrutiny Forum**
Date of Meeting: **16 December 2010**
Report by: **Chief Executive**

Subject: **Insurance Claims from 1 April 2010 to 30 September 2010**

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Highlight the insurance claims experience from 1 April 2010 to 30 September 2010.

2. Recommendation(s)

2.1. The Forum is asked to approve the following recommendation(s):-

- (1) that the half year insurance statistics to 30 September 2010 are noted
- (2) that progress with the management of insurance hotspots is noted.

3. Background

- 3.1. This report covers claims made under the four main classes of insurance which the Council has in place. These policies are employers' liability, public liability, motor and property.
- 3.2. Claims which fall under the main policies of insurance are handled by the Council's Risk Management Section and external claims handlers, Gallagher Bassett.

4. Total Losses

- 4.1. The overall number of claims received for the four main classes of insurance for the period to 30 September 2010 was 628. For the same period in 2009/10, 675 claims had been received and 685 for 2008/09.
- 4.2. The estimated value of claims received for the four main classes of insurance for the period to 30 September 2010 is £711,000. Estimated costs for the same period in 2009/10 was £855,000 and £994,000 for 2008/09. Therefore trends for the last two years are encouraging. This equates to a 28 per cent reduction in costs over the last two years.
- 4.3. The main reason for the improvement is down to the reducing cost of property insurance claims.

- 4.4. However, a number of fairly high value claims have still been intimated during the first six months of 2010/11. Details of significant claims for the period to 30 September 2010 can be found on pages four, five and six of the Insurance and Risk Management Half Year Report - 2010/11.

5. Employers' Liability Claims

"Two claims received for the first six months of 2010/11, expected to cost £17,000".

- 5.1. This is on a par with the previous two years, but it tends to be the case that employers' liability claims are often intimated some time after an incident has occurred, therefore more accurate full year figures will be presented to the RASF in the annual report.
- 5.2. The two claims received for the first six months of 2010/11 are for an Enterprise Resources employee and a Housing and Technical Resources employee.

6. Public Liability Claims

"309 claims received for the first six months of 2010/11, expected to cost £284,000"

- 6.1. The overall number of claims for the first six months of 2010/11 has reduced by 27 from the previous year and the estimated cost has fallen by £9,000.
- 6.2. Generally claims numbers for the first six months of 2010/11 across all Resources are in line with the previous year, with the exception of Enterprise Resources where numbers are down by 36.
- 6.3. Increases in claims costs can be seen in Education Resources (£16,000), Housing and Technical Resources (£17,400) and Community Resources (£17,600). To mirror the fall in claims numbers, Enterprise Resources costs have fallen by £59,000.
- 6.4. All significant claims intimated during the first six months of 2010/11 relate to injuries. The vast majority of these injuries are down to slips, trips and falls as a result of alleged defective surfaces or steps. Enterprise Resources and Housing and Technical Resources have had four such claims each and Community Resources have had one. Education Resources have received one significant claim for a pupil injured during a PE class.
- 6.5. Further details of the above mentioned claims can be found on page four of the Insurance and Risk Management Half Year Report – 2010/11
- 6.6. When claims settlements are paid to claimants, a system is in place to check whether the claimant has any outstanding debts with the Council. If the claimant does have any outstanding debt, this is offset against the insurance settlement. Since 1 April 2010, a total of £11,590 has been offset.

7. Motor Insurance Claims

7.1. "252 claims for the first six months of 2010/11, expected to cost £159,000"

- 7.2. The number of claims intimated for the first six months of 2010/11 has fallen by 15 compared to the same period for 2009/10. Despite the fall in numbers, costs have increased by £47,000.

- 7.3. Looking at individual Resources, claims numbers for 2010/11 are generally in line with 2009/10. This is also the case with claims costs for each Resource, with the exception of Housing and Technical Resources where costs have risen from £31,000 to £75,600. The reason for this increase is down to individual incidents which have resulted in more significant levels of damage.

During the first six months of 2010/11, Housing and Technical Resources have had seven claims with values ranging between £3,000 and £17,000. In the previous year Housing and Technical Resources had no claims valued over £3,000.

- 7.4. As well as the figures detailed above, 125 minor damage incidents, with costs under £250 were reported via Land and Fleet Services for the first six months of 2010/11. The 125 incidents have a total estimated cost of £7,000. These figures are not included in the insurance statistics.
- 7.5. The Corporate Occupational Road Risk policy was introduced on 1 April 2010. The policy includes a points system for drivers who have at fault incidents, with the number of points allocated increasing in line with the severity of the incident. Once drivers reach a certain number of points, different levels of action are required. The table below summarises the points position for the first six months of 2010/11.

Table One – Driver Points Summary for 1 April 2010 to 30 September 2010

Points	Number of Drivers	Driver's Resource/s	Action which should be implemented by Resource	Actual action implemented
4	1	Community	Interview with senior manager	- Driver received written warning
6	5	All Housing and Technical	Driver Assessment	- One driver attended driver assessment - One driver removed from driving duty - Three drivers booked in for driver assessment
8	0	N/A	Full driver training	N/A

- 7.6. The intention of the points system and associated remedial action is to improve driver performance and reduce the number of incidents. A target of 5 per cent reduction was set by the Driver Safety Group for 2010/11, compared to the previous year. The table below compares the number of at fault accidents for the first six months of this year, compared to last.

Table 2 – Comparison of at fault accidents – 1 April to 30 September

2009		2010	
Number	Cost	Number	Costs
125	£66,000	124	£99,000

- 7.7. As yet no improvement has been made. This is most likely to be down to the fact that a very low number of drivers have reached the number of points, where remedial action is required.

7.8. It may take some time for the points system to have any real influence on driver performance. In the meantime Resources are encouraged to manage this risk locally. Driver assessments can be arranged through Dave Gibson, Fleet Manager and full driver training courses can be arranged through Douglas Mathers, Central Risk Management.

8. Property Insurance Claims

“65 claims for the first six months of 2010/11, expected to cost £252,000”

- 8.1. Compared to the first six months of 2009/10, claims numbers have reduced by six. More significant is the reduction in the cost of claims. Costs for the first six months of 2009/10 were £439,000, this is a fall of £187,000.
- 8.2. Each Resource’s claims numbers are in line with last year, apart from Education Resources, where the number of claims has fallen to nine for 2010/11. Education Resources had submitted 19 claims during the first six months of 2009/10. There is also a significant improvement Education Resources claims costs, which have fallen by £160,000. The increased security at the new schools is likely to have contributed to this improvement.
- 8.3. Community Resources claims values have increased by £27,000. This is essentially down to a break in and theft of equipment at Chatelherault. The estimated value of this loss is £30,000.
- 8.4. Housing and Technical Resources claims costs have reduced by £56,000. Despite this improvement three significant house fires claims have been intimated during the first six months of 2010/11, valued at £21,000, £40,000 and £64,000 respectively.

9. Employee Implications

- 9.1. Time will be required by Risk Sponsors and members of Resource Risk workgroups in the management of insured risks.

10. Financial Implications

- 10.1. None of the claims intimated during the first six months of 2010/11 have a value greater than the uninsured excess of £100,000. Therefore the full estimated cost of claims, at £711,000 will be met from the Council’s self insurance fund.
- 10.2. A review of the Council’s insurance programme is currently being undertaken, by the Risk Management team, in conjunction with insurance brokers, Willis. The purpose of the review is to ensure that the programme has the best balance of bought in and self insured cover. Options for revised programmes will be presented to the CMT, prior to renewal of the policies on 1 April 2011.

11. Other Implications

- 11.1. Resources are tasked with the management of insured risks and an action plan has been prepared by each Resource to manage their insurance hotspots. An independent review will be instructed in the new year to assess progress with the management of hotspots. In the meantime, the RASF is asked to note progress in the following areas:

- Insurance survey requirements to improve security and fire risk at Caird Centre complete
- Insurance survey requirements at Chatelherault nearing completion. Barriers installed, intruder alarm upgraded and CCTV installed, but not yet operational
- Insurance survey undertaken at Low Parks Museum
- Insurance cover now in place for the museum artefacts collection
- 2010/11 - 2011/12 property insurance survey programme agreed with insurers
- Survey undertaken by Security Manager at Record Store, Hawbank Road, East Kilbride
- General increased security at all newly built schools
- Newly built schools in areas prone to vandalism include additional security features. Features include window shutters and infrastructure for centrally monitored CCTV and a full perimeter protection system
- Old St Joseph's primary school, Blantyre which is now to be used as a decant facility to be surveyed by insurers
- Driver points system now in operation, with Resources implementing remedial action
- Early warning flood detection systems installed at hotspots
- Review of procedures for administration of medicine within Education Resources and Social Work Resources to take place prior to end of December 2010
- Insurance fraud reporting hotline to be hosted internally, as of January 2011

11.2. This report covers only the management of insured risks, but many other uninsurable risks attach to the delivery of the Council's objectives. Resource Risk Groups are tasked with the implementation of the Risk Management Strategy at Resource level.

12. Equality Impact Assessment and Consultation Arrangements

12.1. There are no new equality issues.

12.2. Insured risks appear as a standing item on the agendas of Resource Risk Groups.

12.3. An actuary was consulted on the health of the insurance fund in 2009. Some of the actuary's recommendations are yet to be implemented, including a review of the contributions from Resources to the fund.

Archie Strang
Chief Executive

22 November 2010

Link(s) to Council Values and Objectives

- ◆ Value: Accountable, Effective and Efficient

Previous References

- ◆ Insurance Annual Report 2009/10, 8 July 2010
- ◆ Management of Insured Risks Update, 23 September 2010

List of Background Papers

- ◆ Systems extracts
- ◆ Insurance and Risk Management Half yearly report April 2010 to September 2010

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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