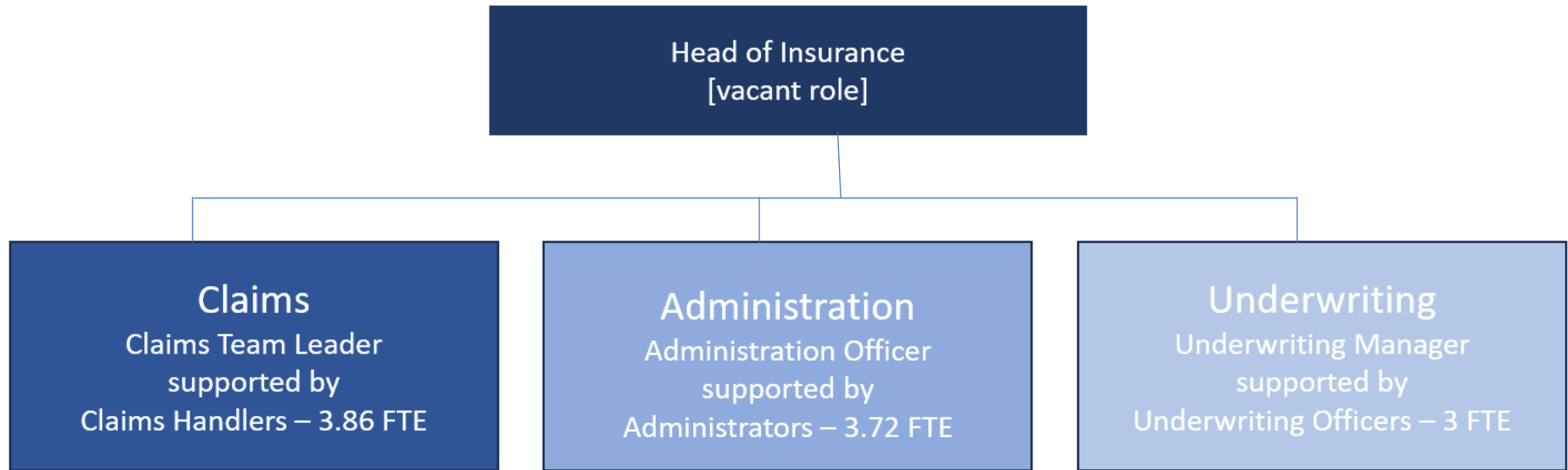


# Insurance team structure



# INSURANCE OVERVIEW

## CAMBRIDGESHIRE COUNTY COUNCIL

The County Council is exposed to many risks arising from its daily operations, many of which are insurable in nature. The Council is insured with a range of insurers. Current premium spend is in the region of £1.1m per annum with an internal insurance provision of £9.87m as at April 2023.

### **INSURANCE COVERAGE**

The Council insures all buildings and contents in respect of the most common perils to which buildings are exposed such as fire and flood. However due to the nature of the insurance market for local authorities and the Council's ability to retain losses the Council purchases insurance cover with high levels of self-insured retention.

The Council will not insure property related risks associated with theft, vandalism or accidental damage where the value of an item or set of items is significantly less than the Council's current material damage self-insured retention. In this instance the items, if general contents or equipment, are deemed to be automatically internally insured. Specific, specialist or high value items are insured only when declared to the Insurance Service and are subject to a separate insurance charge with that charge being credited to the Insurance Fund.

The Council will purchase insurance cover from any insurer authorised to transact insurance business in the UK which has an appropriately strong financial standard. In reality the market for public sector insurance is limited to a small number of insurers due to the specific and high risk nature of the business. The Council does not maintain a policy of insuring all of its risks with a single provider, it has an established approach to procurement of insurance which selects providers on the basis of the most advantageous outcome based on a balance of the quality of cover and service versus premium.

### **CLAIMS MANAGEMENT**

Due to the council retaining the costs of a significant number of smaller value, high frequency losses, such as damage to cars because of potholes it is not financially efficient for the Council to have these claims managed by either insurer or a claims handling agent. As a result, the Council has its own in-house insurance claims handling facility

A small team of claims handlers are employed to manage all classes of insurance claim where the Council has an agreed delegated authority with the insurer.

The claims team are supported by a claims and underwriting management system which allows claims to be reviewed and updated real time in order to ensure ongoing compliance with both insurer requirements and any procedural rules that may apply, for example the Civil Procedure Rules.

## **RISK FINANCING**

It is not in the Council's interests to insure every risk that it is exposed to. Many of the daily operational risks posed to the organisation are within a reasonable range of tolerance such that it is not economically viable to insure against the impacts of them should a loss occur.

As a result the Council has established an insurance fund, this insurance fund provides coverage for the following instances

- Claims within deductible for Property losses
- Claims within deductible for Liability losses
- Claims within excess for Motor losses
- Claims relating to self insured risks
- Losses relating to the Municipal Mutual Scheme of Arrangement
- Losses related to uninsurable risks, for example Asbestos and Pollution risks
- Losses of an historic nature where the insurer is not able to be identified

The Council holds a significant insurance fund for both long term reserves and short term claims provisions. The value of the fund is reviewed each year by an actuary who reviews the Council's loss history.

The annual insurance revenue budget is £2.4m, which funds insurance premiums, service staffing and claims costs. As well as the budget amount, recharges are carried out for costs associated with various services such as traded services and investment properties.

## **MANAGEMENT OF INSURANCE SERVICES**

The Council manages its insurance services in partnership with North Northants, West Northants and Milton Keynes City Councils. The Council is the Lead Authority service provider for insurance services to all four Councils.

The Council retains an in-house underwriting and claims function made up of staff employed by the partner Councils under the management of the Head of Insurance.

Insurance Services are managed in accordance with an agreed SLA and service plan which is reviewed annually by the Lead Authority Board to ensure that the service meets key aspirations of the Councils.