

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

meeting date: 10 SEPTEMBER 2024
 title: INSURANCE RENEWALS 2024/25
 submitted by: DIRECTOR OF RESOURCES
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1 PURPOSE

1.1 To inform Committee of the insurance renewals for the period 20 June 2024 to 19 June 2025 and to provide a summary of the claims made and settled.

1.2 Relevance to the Council's ambitions and priorities:

- Continue to be a well-managed council providing efficient services based on identified customer needs:
 - To maintain critical financial management and controls, ensuring the Council provides value for money, within the current financial constraints.
- Other considerations
 - The Council are legally bound to ensure adequate insurance arrangements are maintained in certain areas i.e. employer's liability.

2 RENEWALS

2.1 A tendering exercise for the Council's insurances was carried out in 2023, resulting in Zurich Municipal being appointed as our insurers on a 3-year contract effective from 20 June 2023, with an option to extend for a further two years.

2.2 Renewal premiums for 2024/25 were as follows:

| Policy | Premium | | Increase/ Decrease £ | % |
|---|----------------|----------------|----------------------------|---------------|
| | 2023/24 £ | 2024/25 £ | | |
| Property Damage, Business Interruption including Additional Expenditure, Money, All Risks and Theft | 60,485 | 74,203 | 13,718 | 22.68% |
| Casualty | 71,651 | 81,499 | 9,848 | 13.74% |
| Motor Fleet | 77,578 | 102,693 | 25,115 | 32.37% |
| Engineering | 247 | 261 | 14 | 5.67% |
| Computer | 2,950 | 2,995 | 45 | 1.53% |
| Terrorism | 2,659 | 3,751 | 1,092 | 41.10% |
| Fidelity Guarantee | 3,899 | 4,356 | 457 | 11.72% |
| Personal Accident | 3,311 | 3,508 | 197 | 5.95% |
| Subtotal | 222,780 | 273,266 | 50,486 | 22.66% |
| Insurance Premium Tax at 12% | 26,734 | 32,792 | 6,058 | 22.66% |
| Engineering Inspection Charge | 7,795 | 8,248 | 453 | 5.81% |
| Total Charge | 257,309 | 314,306 | 56,997 | 22.15% |

3 COMMENTS ON PREMIUMS

3.1 The total cost of premiums for 2024/25 have risen by £56,997 (22.15%) on the previous year's figure.

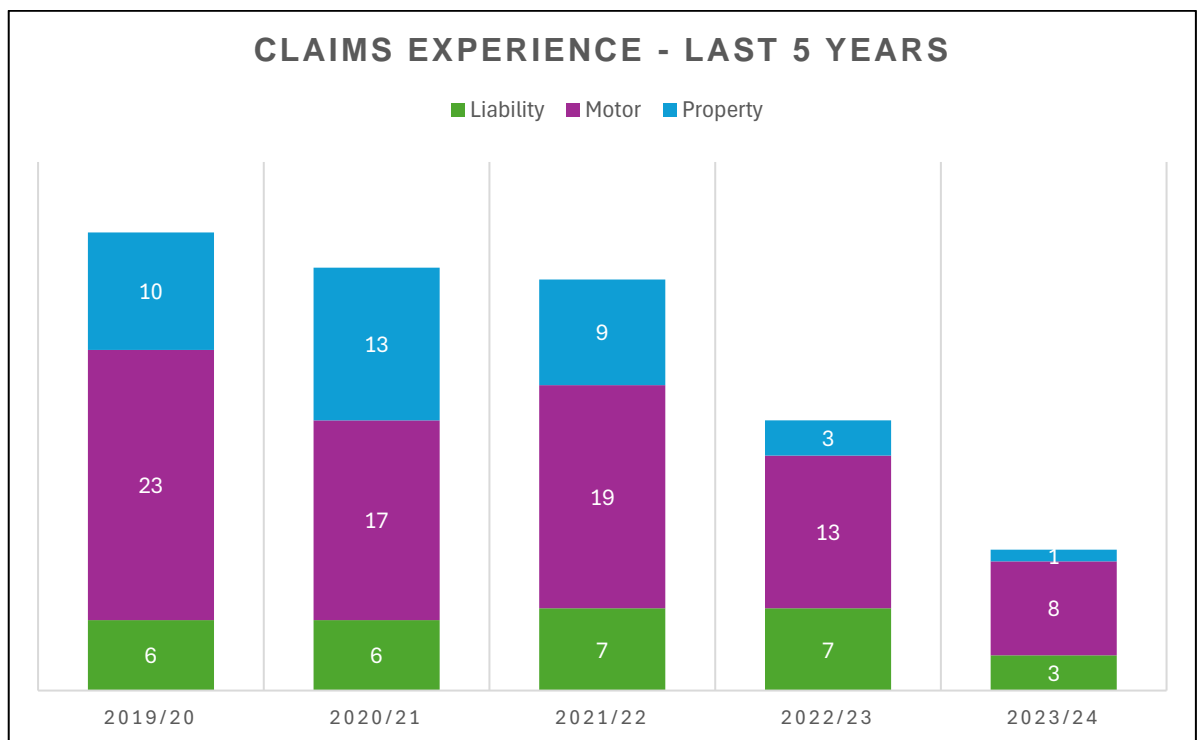
3.2 The budget for 2024/25 allowed for an overall cost of premiums of £267,390 meaning that the budget for insurances this year is overspent by £46,916 (17.55%) overall. The increased cost will be reflected in the budget when setting the Revised Estimate.

3.3 Whilst there are increases in the premiums for all areas, the highest are in respect of motor cover and property premiums. Zurich has provided the following explanations for the increases. These comments reflect the position across the industry as a whole and are not reflective of claims made by the Council, but do have a direct impact on the level of our own premiums:

- **Motor** - with current extraordinary claims costs growth due to extended repair times with more complex vehicles, increased hire costs, energy costs, lack of parts, mounting reinsurance costs, unavailability of new vehicles and increased labour charges, we have been informed that all motor rates have required a substantial correction for 2024/25.
- **Property** – the increase in both frequency and cost of claims is driving large premium increases across the industry. Although both factors remain low in number at the Council, the rate of inflation seen on property claims remains higher than general economic indexes; some of which is due to the extended repair timeframes due to ongoing skills and material shortages. In addition, Zurich has informed the Council that rates remain under substantial pressure not only from large fire, storm and flood losses, but from subsidence and escape water claims which have increased in frequency.

4 CLAIMS HISTORY

4.1 Our claims experience over the last 5 years is shown in the table below classified by category.



Note that the data for 2022/23 is 20 June - 9 June (latest available) whereas other years are 20 June - 19 June

4.2 We continue to ensure that we act on any cause around insurance claims and seek to take action to mitigate the possibility of future claims.

5 CONCLUSION

- 5.1 The Council's insurance renewal was undertaken in line with arrangements in place under our existing contract. There has been an increase in costs beyond that allowed for within the budget. This has been largely due to motor cover and property damage premiums. The increased costs will be reflected at Revised Estimate.

INTERNAL AUDIT MANAGER

DIRECTOR OF RESOURCES AND
DEPUTY CHIEF EXECUTIVE

PF43-23/RP/AC
21 August 2024