

CORPORATE RISK & INSURANCE MANAGEMENT

1. EXECUTIVE SUMMARY

- 1.1 This report provides information to Members on progress made in corporate Risk and insurance management against the objectives for these services and anticipated developments in the coming months.

2. INSURANCE MANAGEMENT – PROGRESS MADE

- 2.1 The completion of the 2005/06 insurance accounts was achieved ahead of the target date and, as reported to Cabinet on 28 June 2006 with considerable savings achieved.
- 2.2 Local Authority insurance officers received a request for assistance from Bolton MBC in appealing against the Court of Appeal judgment in Bolton –v- MMI. This case is important to all authorities as it involves a precedent setting interpretation of policy wording affecting policies underwritten by Municipal Mutual Insurance. If the decision of the Court of Appeal is allowed to stand then many authorities, including Wirral, will have no cover for long tail liability disease claims, such as asbestosis, for the period of cover with MMI. The cost of a single asbestosis type claim can exceed £100,000 and I am currently experiencing an increased incidence in the receipt of such claims. I have agreed to provide up to £5,000 to assist Bolton with the considerable legal costs of taking this appeal to the House of Lords.
- 2.3 The claims services supply chain has now been formalised with the introduction of a Service Level Agreement (SLA) with Oriel (Barristers) Chambers in Liverpool. Oriel have been providing an excellent, cost effective advocacy and advice service to the Authority for many years. This relationship has now been cemented and enhanced with the introduction of this SLA which provides for discounted rates together with defined service timescales and the guaranteed availability of a specific panel of chosen experienced Counsel. In line with all other elements of the supply chain Oriel Chambers will also be providing formal performance feedback on all members of the supply chain with whom they come into contact, further enhancing our continuous quality improvement capability. This agreement is highly unusual in that the engagement and control of Barristers is usually in the domain of instructing solicitors, and our legal service providers have reviewed and approved both the wording and spirit.
- 2.4 Following significant administrative work to prepare updated schedules, June 2006 renewals in respect of the property portfolio proceeded within expected budgets and the long-term agreement with Zurich Municipal.

- 2.5 During June officers of the Risk & Insurance Team conducted an on site audit of the current claims handlers Zurich Municipal. Findings indicate that the suppliers are generally working in line with both our high expectations and the SLA. The relatively minor infractions identified had no significant cost implications but have lead to further enhancement of the claims process.
- 2.6 Work has continued on finalising settlement of the major Rock Ferry High School fire of September 2003. This complex matter has involved considerable elements of betterment, consequential loss and accelerated works not covered by the insurance contract. Negotiations with the insurers are progressing with a view to achieving closure by the end of this financial year.
- 2.7 This period has seen comparatively few claims matters proceed to trial. Of the 6 matters that have run, I have been successful in 4 and recovered significant legal costs (£11,000 in one case alone). I am experiencing an increasing trend in matters discontinuing just prior to trial as claimant firms are becoming ever more aware that Wirral MBC will not capitulate when a defence is available and I ensure that all costs are recovered in discontinued matters.
- 2.8 Following the implementation of the revised fraud strategy as reported to Cabinet on 22 September 2005, officers have been liaising closely with Merseyside Police - Fraud Squad and have now identified an appropriate case for criminal prosecution. A formal complaint has been made, investigations conducted by the fraud squad and an arrest warrant issued for the claimant concerned. Members will be kept advised as to the progress of this case.
- 2.9 Officers continue to populate and improve the suite of statistical claims reports with the latest headline Public and Employers Liability reports showing continuing reductions in both the number of claims and the cost of claims.
- 2.10 Following Cabinet approval of the release of funds for non adopted highway risk management projects (28 June 2006), officers have commenced initial investigations into the most cost effective utility of these funds, particularly concentrating on areas around leisure centres.

3. CORPORATE RISK MANAGEMENT - PROGRESS MADE

- 3.1 The revised application form for the Risk Management Fund has been publicised on the Council intranet and is available for managers to download.
- 3.2 The one-day risk management training course for managers has now been run 14 times for approximately 150 people. Minor modifications to the content and administration of the programme have been made in the light of feedback from delegates.

- 3.3 A partnership risk 'toolkit' developed by Public Risk Management has been purchased by the Risk & Insurance Team at the cost of £650 and is being introduced to departments. This product will enable the Authority to assess the criticality of its partnerships and provide a consistent methodology for identifying and addressing risks associated with joint working.
- 3.4 A review of the risk management strategy has begun under the guidance of the Risk & Insurance Team.
- 3.5 The corporate risk management forum identified improvements needed to the risk-reporting element of PIMS.

4. INSURANCE MANAGEMENT – ISSUES FOR NEXT PERIOD

- 4.1 During September officers will be conducting an on site claims file audit at the run off claims handlers Capita (formerly Aon Claims Management).
- 4.2 The 2007/08 Insurance Fund budget will be prepared and reported to Cabinet in November.
- 4.3 The marine fleet insurance is due for renewal 1 October 2006. As this policy is subject to a long term agreement and renewal it is expected to be within previously reported budgets.
- 4.4. Work will continue on enhancing and expanding the statistical reporting suite with developments in the next period likely to include fire and equipment claims. Longer term developments are to include the regular quarterly analysis of the position of the Insurance Fund.
- 4.5. A training day is being arranged for Wirral MBC staff by one of the panel solicitors, Berryman's Lace Mawer. Officers will be involved in preparing the content and administration of this session.
- 4.6. Further progress will be made on the risk management projects identified in para 2.10.
- 4.7. In this period officers will also continue to provide the core services of ad hoc insurance procurement, claims strategy, investigation and management, suppliers performance monitoring together with the consultancy services required by client departments.

5. RISK MANAGEMENT – ISSUES FOR NEXT PERIOD

- 5.1 A further 8 training days covering approximately 120 more managers are scheduled between now and the end of November.
- 5.2 The content of the training for Members will be finalised with the two-hour sessions to be run on the evenings of 7, 11 and 19 December 2006.

5.3 The Risk & Insurance Team will work with the Performance Management Unit and WITS to see if the necessary improvements in PIMS can be implemented.

5.4 The corporate risk management forum will continue its formal review of the risk management strategy.

6. **FINANCIAL IMPLICATIONS**

6.1. The implications of issues relating to the Insurance Fund are contained in the report to Cabinet on 28 June 2006.