

ISLE OF ANGLESEY COUNTY COUNCIL

COMMITTEE:	AUDIT COMMITTEE
DATE:	27 JULY 2015
TITLE OF REPORT:	INSURANCE CLAIMS
PURPOSE OF REPORT:	FOR INFORMATION
REPORT BY:	HEAD OF FUNCTION (RESOURCES)
ACTION:	FOR INFORMATION

1 INTRODUCTION

- 1.1 The Council has in place a variety of insurance policies of which the main ones are public and employers' liability, property and motor. The public and employers' liability policies indemnify the Council against costs and damages which it is liable to pay when claims are presented against the Council by members of the public, businesses or employees for damage, injury or illness arising from the Council's negligence. The property policies compensate the Council for damage to its buildings and contents following damage caused by certain perils. Motor insurance combines an element of both in that it indemnifies the Council against damage or injury caused to a third party by its vehicles and also compensates for damage to its vehicles.
- 1.2 Each of these policies has an excess which the Council is responsible for paying. The excess varies from policy to policy the lowest currently being £250 for Smallholdings properties and the highest £100,000 for motor own damage claims. In most cases the excess is paid from the insurance provision account.
- 1.3 This report provides a summary of claims made under or against these policies for the period 1st April 2010 to 31st March 2015 and is based on the date the incident occurred not when the claim was presented or made. The cost of the claims is the total cost to the Council and its insurer inclusive of damages and costs.

2. CLAIMS SUMMARY

- 2.1 The summary of claims included in Appendix A of this report provides a breakdown per policy, per financial year for the Council as a whole of the number of claims which have been paid, where the claim has been settled without any costs or payment being made, or where the claim has not yet been settled. The amount paid in respect of those claims which have been settled and the amount reserved against those claims not yet settled is also provided.

- 2.2** It should be emphasised that not all claims not yet settled and which have a reserve against them will be paid or settled for the amount reserved against them. This is particularly true for liability claims where claims with large reserves are often settled for much lower sums or settled at no cost.
- 2.3** It should also be noted that the number of claims can increase over time as in certain cases claims are not presented until several years after the event. For example, a child who suffers an injury as a young child currently has a period of 3 years after turning 18 years to present their claim. Hence, both the number of claims and the amount reserved and paid will change over time.

3. CLAIM TRENDS

- 3.1** There has been a significant increase in public liability claims presented since 2012. This increase is mostly due to an increase in highway related claims, such as damage to vehicles on potholes. Despite the increase in the number of claims and amounts paid and reserved against this policy the percentage of claims which the Council is able to successfully defend remains high.
- 3.2** There has been an increase in claims for injury and illness presented by employees in 2013/2014. At least two of these claims and one of the claims presented in 2014/2015 have been presented by employees who had been or were facing redundancy.
- 3.3** Motor claims increased in terms of numbers and costs in 2012/2013 but otherwise remains fairly consistent. The increase in costs can be attributable to two individual accidents where the third parties claimed for personal injuries.
- 3.4** The storms of 2013/2014 resulted in a marked increase in property claims in terms of numbers and costs of claims. Significant damage was caused to Council properties in the Holyhead area during those storms, and one of the outstanding claims carries a large reserve of over £250,000.
- 3.5** "Other" includes claims against all the minor policies which the Council holds. The significant reserve for 2014/2015 relates to the claim submitted to our insurer following the theft of civic regalia.

4. FUTURE CHALLENGES

- 4.2** 2013 saw a significant change in the way that certain claims were administrated by the Courts with the expansion of claims portals and the introduction of one way cost shifting. This was an attempt by the Ministry of Justice to speed up the system and reduce overall costs. Within the portal system solicitors costs are fixed at significantly lower rates than previously claimed by claimant solicitors, however to compensate for this the defendant solicitor is now responsible for meeting those costs regardless of whether the claim is successful. Thus, although the Council may successfully defend a claim it will still be responsible for meeting costs. At this moment in time it remains too early to advise what impact this has on claims against this Council.

4.3 Insurers have warned that as public finances continue to be squeezed there will inevitably be an impact on the number of claims presented and the ability of local authorities to successfully defend them. An example frequently cited by insurers is that as the expenditure on highway maintenance reduces in real terms the condition of the roads will deteriorate and the claims arising from damage to vehicles as a result of potholes will increase. Thus, this Council may see an increase in claims, and may indeed have to pay more of these claims in the future.

5. RECOMMENDATIONS

5.1 The Committee is requested to note the content of this report.

JULIE JONES
RISK & INSURANCE MANAGER

15 JULY 2015

APPENDIX A

SUMMARY OF INSURANCE CLAIMS

SERVICE		Total				
POLICY	PERIOD	Number			Cost	
		Paid	Settled at No Cost	Not Settled	Amount Paid	Amount Reserved
Public Liability	2010/2011	28	66	1	155483	15615
	2011/2012	25	82	4	71704	149000
	2012/2013	38	117	12	24237	48070
	2013/2014	28	126	17	13238	228814
	2014/2015	9	73	32	1195	149073
Employers' Liability	2010/2011	0	0	0	0	0
	2011/2012	0	1	1	0	18237
	2012/2013	0	1	0	0	0
	2013/2014	1	2	3	16966	48878
	2014/2015	0	2	1	0	15025
Motor	2010/2011	21	6	0	24061	0
	2011/2012	15	4	0	16909	0
	2012/2013	26	17	0	56952	0
	2013/2014	19	5	1	11572	7036
	2014/2015	14	2	7	15643	4275
Property	2010/2011	11	31	4	174963	9503
	2011/2012	7	9	1	4749	68057
	2012/2013	14	5	2	16591	76000
	2013/2014	41	8	10	167159	338250
	2014/2015	8	3	3	8246	12433
Other	2010/2011	0	2	0	0	0
	2011/2012	1	0	0	681	0
	2012/2013	0	0	0	0	0
	2013/2014	1	0	0	5164	0
	2014/2015	4	1	1	7721	45000