

ISLE OF ANGLESEY COUNTY COUNCIL		
<b>Report to:</b>	Governance and Audit Committee	
<b>Date:</b>	14 May 2026	
<b>Subject:</b>	Annual Insurance Report 2025-26	
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<b>Nature and Reason for Reporting:</b> The Governance and Audit Committee's Terms of Reference has an explicit requirement for the committee to receive an annual assurance report about its insurance arrangements (3.4.8.7.3) as part of its wider consideration of the council's assurance framework (3.4.8.7.1).  This report provides the committee with information about how the council manages its insurance provision and its challenges going forwards.		

## 1. Introduction

1.1 This report details the council's insurance arrangements, and recent loss histories for the principal areas of insured risk. The report also provides challenges the council faces going forwards.

## 2. Recommendation

2.1 The Governance and Audit Committee is invited to note the trends identified and consider the mitigations set out in this report.



# Annual Insurance Report 2025-26

April 2026

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**Cover photo: Trearddur Bay during Storm Éowyn (24 January 2025), the fifth storm of the 2024-25 season**

## Introduction

The council procures insurance cover to protect it against risks. The main insurance policies that the council obtains are:

- **Casualty (public and employers' liability)**
- **Property**
- **Motor**

The **public liability** and **employers' liability** policies indemnify the council against costs and damages that it is legally liable to pay when members of the public, businesses and employees present claims for damages, injury and 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 e.g. fire, storm and include business interruption cover.

**Motor** insurance indemnifies the council against damage or injury caused to a third party by council vehicles and compensates the council for damage to its own vehicles.

Other policies include **Officials' Indemnity, Crime, Professional Negligence, Hirer's Liability and Contractors' Plant**.

Specialist policies are placed for **Marine, Terrorism and Fine Art**.

All claims are initially handled in-house (obtaining reports from services) before being passed to our insurance providers. A [claim form](#) is available on the council's website for claimants to make a claim.

## Insurance structure

The council uses a combination of **self-insurance** and **external insurance** to address the financial consequence of risk. In some cases, whilst the council has arranged external insurance, it self-insures a proportion of the claims paid by opting for a larger **excess**. On some policies, the financial uncertainty is reduced by an aggregate stop (cap); once this is reached, the insurer meets the cost of any further claims.

Since 1 October 2025, the excesses for the council's main insurance policies are as follows:

Policy	Excess
Casualty (Public and Employers' Liability)	£52,500
Motor	£1,000
Property – Schools	£25,000
Property – General Buildings and Housing	£10,000
Property – Smallholdings and Commercial	£2,500

The self-funding of losses is part of the council's overall approach to managing risk. It provides a greater incentive to deal with risk more effectively given that any reduction in claims directly benefits the council. It also reduces the premiums payable and the council's liability for Insurance Premium Tax (currently levied at 12%<sup>1</sup>).

To meet the self-insured element of any claims, the council has established an Insurance Fund in an Earmarked Reserve and an Insurance Provision Account. While it is important to ensure that the Insurance Fund holds sufficient resources to meet its liabilities, there is an opportunity cost of maintaining a greater balance than is needed.

To ensure that the Fund is sufficient to meet the cost of its claims but is not over resourced, the Head of Audit and Risk, in conjunction with the Director of Function (Resources) and Section 151 Officer, reviews the Fund every year.

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<sup>1</sup> Insurance premium tax increased from 6% to 9.5% in November 2015, to 10% in October 2016 and on 1 June 2017, to 12%.

## Current provision

To ensure that the council is able to fully access the insurance market, an insurance broker was contracted using a procurement exercise via the Yorkshire Procurement Organisation<sup>2</sup> (YPO). Insurance brokers play a key role in the procurement of insurance as they are a full-time specialist, with professional skills in handling the insurance business. Marsh was appointed and provided access to insurance expertise and knowledge, and value for money in insurance programme design.

In conjunction with Marsh, a comprehensive tender exercise was conducted in 2024, also utilising the YPO, and attracted quotations from three providers. Following an evaluation exercise, a 3-year contract was awarded to Zurich Municipal (ZM), the incumbent provider, which included the placement of the Casualty, Property, Motor, Crime, Personal Accident and Travel policies. The Long Term Agreement (LTA) commenced on 01/10/2024. Two two-year extensions to this contract are available at 01/10/2027 and 01/10/2029 respectively.

The tender process highlighted that elements of the sums insured provided were out of date. It is an essential policyholder duty to ensure declared sums insured represent the prevailing reinstatement costs including all elements of demolition, clearance, architects' fees, planning and building costs. Inaccurate sums insured can have significant impact in claims settlements potentially leading to multimillion pound shortfalls. Therefore, the council conducted a comprehensive programme to revalue the building sums insured during the first year of the policy.

Following policy renewal in October 2025, external premiums increased, both due to rate increases and as per the LTA. The rate increases are sector-wide and linked to average weekly earnings, therefore not specific to the council. The property element is subject to a fixed annual rate escalator, subject to claims performance tracking below 50% loss ratio. Although this was breached during the year, ZM maintained the escalator at the rate agreed in the LTA.

In conjunction with Marsh, we also separately placed Marine, Terrorism, and Fine Art policies with specialist providers.

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<sup>2</sup> The YPO was established in 1974 by a group of 13 local authorities. It works with suppliers and collaborates with other public sector buying organisations to achieve efficiencies and value for money, returning all its profits back to the public sector.

## Claims summary

This report provides a summary of claims made against or made under the council's external and internal insurance arrangements for the period **01/04/25 – 31/03/26** (based on the date the incident occurred, and not the date the claim was made or presented). The cost of the claim is the total cost to both the council and its insurer, inclusive of damages and costs. When relevant and insightful, the 2025-26 claims experience will also be analysed in their short- and medium-term context.

The summary of claims included in [Appendix A](#) of this report provides a breakdown per policy, per **financial year of incident** of the number of claims for a five-year period, since 2021-22 that have:

- been paid i.e. settled
- been resolved and no compensation paid i.e. repudiated
- not been resolved

The summary also includes the amount paid in respect of those settled claims and the amount reserved against those unresolved claims.

Not all outstanding claims with reserves against them will ultimately be paid, nor will they necessarily be paid for the whole reserved amount. This is especially true for liability claims, where cases with substantial reserves frequently settle for significantly lower sums—or, in some instances, are resolved with no payment at all.

The total number of claims may also rise over time, as some claims are not submitted until several years after the underlying event. For example, a child injured in primary school has until three years after turning 18 to bring a claim. As a result, both the volume of claims and the amounts reserved and paid will continue to change over time.

Overall, the council's insurance claims profile remains manageable, with stable claim volumes and strong repudiation rates. However, the increase in ongoing claims and the significant rise in property-related incidents represent emerging risks that require continued monitoring and proactive management.

## Claims record and trends

### Employers' Liability Claims

Reassuringly, the number of personal injury claims submitted by our employees remains low, averaging 1.5 per year over the preceding five-year period. Most of these claims arise from specific workplace accidents.

During 2025-26, one new employers' liability claim was made against the council. The alleged injuries were declared to have resulted from defective council equipment, with inadequate control measures in place to mitigate the risks of such defective equipment. On the advice of our insurers, liability has been admitted, and negotiations for an out-of-court settlement are currently ongoing.

### Public Liability Claims

The number of public liability (PL) claims received has remained relatively consistent over the last five years. Repudiation rates are consistently high and paid settlements fluctuate but remain modest.

During 2025-26, the council received 55 new PL claims. Thirty-four of these PL claims related to Highways e.g. damage to vehicles because of potholes, trips on uneven and slippery surfaces and drainage issues.

Thirteen of these PL claims related to damage and or injury resulting from alleged housing maintenance issues e.g. leaks from radiators and boilers, burst pipes and uneven garden paving slabs.

The remaining eight claims related to alleged damage and/or injuries linked to activities / negligence of other council services such as Property, Maritime, Adult, Children's and Leisure.

81% (13 of 16) of the PL claims that have been fully investigated and determined have been repudiated, which is positive news and an improvement on the repudiation rate of 70% for 2024-25.

However, 71% (39 of 55) of PL claims relating to 2025-26 have yet to be concluded, as many highways-related claims are received during or after the winter months i.e. potholes are a particular hazard in winter when water in small cracks in the road freezes and then expands in the cold. When the temperature then rises, the water evaporates, leaving gaps in the road surface.

### Motor Claims

Over the last five years, the frequency of claims increased significantly before stabilising and paid amounts remain consistent year-on-year.

In 2025-26, 53% (18 of 34) of our motor claims were the fault of our own drivers. These accidents resulted in damage to our own vehicles, to third-party vehicles and in many cases, damage to both parties. To mitigate the risk of these incidents reoccurring, our Fleet Section monitors collisions and speeding offences committed in council vehicles and arranges driving assessments for repeat offenders.

## Property Claims

Property claim numbers and costs have been highly volatile and this area represents the council's largest financial exposure.

### Storm

During 2024-25, the 90+ mph winds of Storm Darragh in December 2024 caused significant damage to our estate of smallholdings – this resulted in 29 claims of varying values against our property policy, several of which are still ongoing. Storm Darragh also damaged solar panels at the Caban at Ysgol Gynradd Y Fali.

Whilst the number of property claims in 2025-26 reduced significantly compared to 2024-25, the damage suffered and therefore the total claim costs were unfortunately significant. In December 2025, Holyhead Leisure Centre was temporarily shut after part of the roof was blown off during the strong winds of Storm Bram. Despite being the only storm related claim made in 2025-26, due to its significant value, this, along with our 2024-25 claims experience will also negatively influence our premiums at October 2026 renewal.



### House Fires

In 2025- 2026, two properties within our housing stock were affected by significant fires. Fortunately, no injuries were reported. Displaced tenants were promptly rehoused, and the damaged properties have been, or are currently being, fully restored.

Regrettably, these incidents reflect a concerning pattern, as two fires were also recorded within our housing stock during 2024–25 which resulted in large claims. The causes of these fires were linked to tenant actions rather than electrical faults or maintenance gaps. Tenant behaviour/actions can profoundly influence fire risk and therefore to address this risk fairly, proportionately, and without attributing blame, the Housing service has provided support through fire safety education and referrals to support services.

These claims will lead to an increase in our property premiums in the October 2026 renewal, as per the terms of Long-Term Agreement.

## Pre-2021 Claims

[Appendix A](#) sets out the claims arising during the period from 1 April 2021 to 31 March 2026. However, two public liability claims (linked to Children's Social Services) dating back to 2018 remain open. The outstanding reserves currently allocated by our insurers for these claims total approximately £204,000, with expenditure relating to legal fees already incurred. These claims illustrate that certain claims may take many years to be reported and fully resolved.

## Challenges and opportunities

Loss of insurer capacity, foreign wars and escalating reinsurance<sup>3</sup> costs are all factors that have contributed to a hardened insurance market over recent years. However, driven by increased insurer competition, commercial insurance trends are improving. Premiums are falling across all classes of insurance and insurers are more willing to negotiate improved terms and conditions, with insurance pricing back to pre-pandemic norms.<sup>4</sup>

Although the insurance market has improved, globally, the risk landscape continues to look complex and increasingly fractured. In the space of just a few years we have faced Covid, the effects of high inflation, social unrest, and the rise of geopolitical tension including ongoing conflicts in Europe and the Middle East. Organisations are having to grapple with the opportunities and risks arising from new technologies, including Artificial Intelligence, while maintaining their focus on building sustainable business practices and the journey to net zero.

The council owns and manages approximately 4,000 homes across the Island. Despite the council fulfilling and complying with the original Welsh Housing Quality Standard (WHQS)<sup>5</sup> requirements since 2012, several claims alleging housing disrepair are received annually. Although there is no insurance policy to cover for disrepair compensation, these claims can result in associated public liability claims. Whilst disrepair claims are not reflected in the statistics presented in Appendix A, council resources are required to investigate claims, rectify any issues, and pay compensation and costs where required.

In addition to the new Welsh Housing Quality Standard 2023, which builds on its WHQS predecessor, from 1 April 2026 a new element has been added to the Standards. The focus of this new element is to set a clear rule about how social landlords should respond to damp, mould and other hazards in line with the Housing Health and Safety Rating System (HHSRS) hazards. These hazards must be investigated within certain timescales.

Non-compliance with WHQS 2023 creates clear public liability exposure for the council as a social landlord because the Standard is now tightly linked to hazard response, tenant safety, and statutory duties. The most direct risks arise where failures lead to HHSRS hazards, delayed repairs, or inadequate safety management – all of which can result in injury, illness, or property damage.

Across Wales, the effects of climate change are becoming more increasingly visible. Recent years have brought more intense storms (as experienced by our storm related claims),

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<sup>3</sup> Reinsurance is a mechanism through which insurers purchase insurance from other insurers to protect themselves against significant or catastrophic losses. For example, an insurer may underwrite a building valued at £100 million but obtain reinsurance for any loss exceeding £50 million, thereby limiting its direct exposure to the first £50 million.

<sup>4</sup> Insurance Market Review, Marsh, February 2026

<sup>5</sup> The Welsh Housing Quality Standard (WHQS) is the Welsh Government standard of housing quality. The WHQS was first introduced in 2002 and aims to ensure that all dwellings are of good quality and suitable for the needs of existing and future residents. The Welsh Government set a target for all social landlords to improve their housing stock to meet the WHQS as soon as possible, but in any event by 2020. The Housing (Wales) Act 2014 reaffirmed this requirement.

repeated flooding, accelerated coastal erosion in communities and record heatwaves that have strained local infrastructure. As global temperatures continue to rise, these events are expected to become more frequent and even more damaging.

The human impact is severe: families displaced, homes repeatedly repaired or abandoned, and communities facing ongoing disruption. Local authorities are under growing pressure to strengthen flood defences and adapt essential services.

These environmental pressures also have significant implications for insurers. Claims for storm damage are increasing in both volume and cost. As historical weather patterns become less reliable, insurers must reassess pricing, risk models, and long-term sustainability in a rapidly changing climate.

Despite the volume of motor personal injury claims falling to their lowest level on record<sup>6</sup>, continuing a long-term downward trend, according to the Association of British Insurers (ABI)<sup>7</sup> motor claims inflation is rising much faster than general inflation, led mainly by more expensive vehicles, complex technology, labour shortages, and growing injury-related costs.

Given the wider, consistently uncertain global economic context resulting again in inflation pressures, and the council's more recent property claims record, our insurance premiums will undoubtedly rise in the coming years.

Demonstrating to our insurers that the council has identified and acted upon lessons arising from significant claims (e.g. fires), and that robust processes and controls are in place to manage risk, will therefore be essential in minimising such future premium increases.

Effective risk management also reduces the council's self-insured losses and may enable the council to assume a greater level of risk through higher excesses and deductibles. This, in turn, helps maintain an appropriate balance between the risks transferred to insurers and the overall cost of insurance premiums.

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<sup>6</sup> Data from the Compensation Recovery Unit shows a 24% drop in Road Traffic Accident (RTA) personal injury claims in Q4 2025 to 63,833, the lowest quarterly figure recorded. Across 2025, motor claims fell 14% to 282,428, and total personal injury claims declined 12% to 413,323. Compared with 2018, this represents a 58% reduction in motor claims and a 53% reduction in all personal injury claims.

<sup>7</sup> [Guest blog - Motor claims inflation: Causes, consequences and what comes next | ABI](#)

## Appendix A – Claims Summary

Policy	Financial Year of incident	Claims received	Claims Settled-Paid	Claims Settled-Repudiated	Ongoing claims	Amount paid in respect of settled claims	Estimated amount reserved for ongoing claims
Public Liability	2021/2022	50	9	38	3	£36,441.40	£65,972
	2022/2023	61	12	46	3	£77,909.40	£30,189
	2023/2024	60	17	41	2	£36,814.65	£38,025
	2024/2025	54	15	35	4	£15,510.29	£21,621
	2025/2026	55	3	13	39	£6,476	£89,436
Employers' liability	2021/2022	3	2	0	1	£5,480	£25,094
	2022/2023	1	0	1	0	£0.00	£0.00
	2023/2024	1	0	1	0	£0.00	£0.00
	2024/2025	0	0	0	0	£0.00	£0.00
	2025/2026	1	0	0	1	£0.00	£15,999
Motor	2021/2022	22	18	4	0	£34,102	£0.00
	2022/2023	28	27	1	0	£44,640	£0.00
	2023/2024	42	30	12	0	£44,234	£0.00
	2024/2025	32	24	7	1	£25,438	£5,600
	2025/2026	34	26	1	7	£36,401	£25,815
Property	2021/2022	25	17	8	0	£67,019	£0.00
	2022/2023	9	6	3	0	£44,979	£0.00
	2023/2024	12	6	6	0	£159,633	£0.00
	2024/2025	37	18	4	15	£126,606	£472,000
	2025/2026	4	0	1	3	£0.00	£594,367
Other	2021/2022	1	1	0	0	£3,600	£0.00
	2022/2023	1	0	1	0	£0.00	£0.00
	2023/2024	1	1	0	0	£5,000	£0.00
	2024/2025	0	0	0	0	£0.00	£0.00
	2025/2026	0	0	0	0	£0.00	£0.00