

**INSURANCE POLICY 2021-25**

Leicestershire County Council's Insurance programme is arranged in conjunction with its appointed Insurance Brokers.

Losses are covered by a combination of self-insurance and a range of policies held with insurance companies, which are renewed on an annual basis. The process to identify the level of self-insured retention against the insurance required is based on several factors. These include the reduction in premium to be achieved by altering the excess levels weighed up against the County Council's ability to meet an increased exposure, for example by way of a spike in claims received due to external factors like the weather and for one off large losses.

Aggregate stop limits are in place which cap the potential exposure to LCC on an annual basis by reducing the self-insured retention levels (excess) significantly once the limit has been breached.

The Leicestershire County Council Insurance Programme is currently insured via Risk Management Partners with Liability and Motor Risks underwritten by QBE and Property Risks underwritten by AIG. As of 1st October 2020, Excess Layer Employers' Liability cover is provided by Aspen Insurance UK Ltd in addition to the cover provided by QBE.

The current insurance arrangements have been in place since 2014 following an OJEU compliant Tender. The tender was awarded based on a long-term agreement covering a maximum 10-year period with various break points during the contract.

The following policies are currently in place as of the 1st October 2020:

<b>Class of Insurance</b>	<b>Limit of Indemnity / Basis of Cover</b>	<b>Aggregate Stop Limit if applicable</b>	<b>Excess</b>
Employers' Liability	£75m – Cover written on an any one occurrence basis (£50m via QBE, £25M Excess Layer via Aspen)	£3m	£375,000
Public Liability	£50m - Cover written on an any one occurrence basis	£3m	£375,000
Officials Indemnity	£10m – Cover written on an aggregate basis	£3m	£250,000

Professional Indemnity	£10m - Cover written on an aggregate basis	£3m	£25,000
Fidelity Guarantee	£10m - Cover written on an aggregate basis	N/A	£100,000
Motor	Comprehensive	N/A	£1,250 (only applying to own vehicle damage)
Material Damage & Business Interruption (Non-Education)	Day One Reinstatement Business Interruption £25m Increased Cost of Working (ICOW) (48 months)	£1m	£500,000
Material Damage & Business Interruption (Education)	Day One Reinstatement Business Interruption £25m ICOW (48 months)	£1m	£500,000
Material Damage & Business Interruption (Commercial including Industrial Units)	Day One Reinstatement Business Interruption £25m ICOW (48 months)	N/A	£250
Material Damage & Business Interruption (Farms)	Day One Reinstatement Business Interruption £25m ICOW (48 months)	N/A	£500
Terrorism	County Hall Only Business Interruption £25m (48 months)	N/A	Nil

An annual revenue contribution is required to allow the County Council to fund claims within the self-insured retention limits, thus aiming to prevent a detrimental impact on service budgets. The level required is assessed annually as part of the MTFS, based upon a number of factors including the current claims experience and anticipated future changes. For example, new heads of claims which may emerge.

The amount of funding required from the County Council, can vary significantly each year. This can be due to one off catastrophic incidents occurring, such as a large building fire, or simply the timing of when claims are reported culminating in an increased volume of claims covering one particular period.

For own property damage claims, and fidelity claims, there is usually a short delay between incident and notification. It is therefore a more straightforward process to set

aside appropriate funding for annual losses but retaining a focus on catastrophic events which occur on a less regular basis but which have a greater financial impact.

Assessing liability claim levels are more difficult, due to the nature of claims that the County Council receives, claims will have been incurred but not reported within the financial year of the incident. A number of years can elapse before a liability claim is concluded.

Earmarked funds are held to allow for years of exceptionally high claims, both in terms of volume and value, to be covered without detriment on the annual revenue budget. The earmarked funds for these classes are subject to an annual internal assessment and periodic actuarial review to ensure that they are maintained at suitable levels in order to meet ongoing financial commitments. In addition, provisions are held for claims received that are awaiting settlement, the level being based on an assessment of the likely liability.

The Insurance Section employs experienced claims negotiators who handle all liability claims brought against Leicestershire County Council up to the delegated authority limits as agreed with the insurer.

The claims handling delegated authority extends to cover investigations into allegations of negligence and provides authority to take decisions on liability. County Council negotiators and the Legal section work in partnership to defend litigated claims.

The Insurance Section is subject to annual audits undertaken on behalf of the Insurance Company. The outcome of these audits could ultimately have implications on the agreed delegated authority limits resulting in reduced autonomy over decisions of liability and settlement negotiations

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