

Derbyshire County Council Corporate Insurance Strategy 2022 to 2025

Version History

Version	Date	Comments	Author
1.0	23.03.2018	Created initial Draft Document outline for review	Jane Morgan
1.1	06.02.2019	Review and amendments	Jane Morgan
1.2	12.02.2019	Review and amendments	Jane Morgan
1.3	18.03.2022	Full Review	Jane Morgan

Contents

Version History.....	2
Strategy Introduction.....	4
Strategy Purpose.....	4
Strategy Objectives and Outcomes.....	5
Strategy Consultation	5
Insurance Strategy	5
Key Strategy Projects	6
Tender 2019	6
Procurement of a Claims Management System & Improved Management Information	6
Actuarial Review of the Insurance Fund	7
Claims Handling.....	8
Claims Audit	8
Fraud Approach.....	8
Lessons Learnt.....	8
Insurance Framework	9
Insurance Brokers	9
Zurich Municipal Insurance (ZM)	9
Procurement	10
Financial Management	10
Premiums	10
Insurance Fund.....	10
External Influences.....	11
Glossary.....	12

Strategy Introduction

As set out in the “Working for Derbyshire” Council Plan the Council has clear ambitions for an efficient high performing Enterprising Council delivering Value for Money (VfM) services. This will result in a challenging and ambitious programme of transformation and change over the medium term 2019-2021. Fundamental to delivering these ambitions is the way the Council insures and protects its staff, people working in and visiting Derbyshire, its assets, and aspirations.

New service models will necessitate closer working arrangements with new and existing partners including public and private sector organisations, the voluntary and community sector in providing cost effective public services.

As risk changes through the evolution of the Council Plan, it is vital to ensure that the Insurance model is fit for purpose and in line with these altering risks. The Insurance Strategy will underpin the Councils objectives by limiting the financial exposure and therefore protecting the reputation of the Council as it develops.

In line with these changing risks, the Strategy must also ensure that the Council’s assets and employees together with the users of Derbyshire’s many resources remain protected through its insurance programme against the significant impact of loss.

The right insurance strategy will:

- Support
- Enable
- Protect

Strategy Purpose

The purpose of this Strategy details how Derbyshire County Councils Insurance Services will respond to supporting the ambitions and outcomes of the Council plan and Derbyshire’s approach to become an Enterprising Council.

Strategy Objectives and Outcomes

The outcomes of implementing this strategy will provide: -

- Collaboration of insurance solutions
- Asset protection
- Improved Management information
- Supporting change management and improved service
- Reduced claim numbers
- Reduced claims payments
- Improved service to Claimants
- Protect the Council against significant financial loss

Strategy Consultation

This strategy was developed through consultation with stakeholder groups across Council service areas together with Insurer and Insurance Broker feedback concerning market conditions.

Insurance Strategy

The County Council is committed to ensuring that it maintains an optimum balance between internal and external insurance within a framework of prudent financial management.

In determining the balance between internal and external insurance the County Council will seek to:

- Insure risks internally where it is financially prudent and advantageous to do so
- Purchase external insurance or arrange cover through an alternative risk transfer arrangement
- Limit the financial exposure of the Council to the cumulative effect of multiple

small losses

- Ensure that the internal funding is adequate to meet the claims that it will be required to pay
- Work effectively with Risk Management; Health and Safety; Complaints Teams and Legal Services to reduce the number and severity of claims; thereby influencing the external insurance premiums.

Key Strategy Projects

The strategy encompasses the five following key projects and initiatives designed to support the current and future business requirements of the Council and changing service delivery models:

- Tender 2019
- Claims Management System and improved Management Information
- Actuarial review
- Claims handling
- Lessons learnt

Tender 2019

A full and comprehensive tender has been carried out to ensure the Council has the right providers to support both the past and present risks and liabilities of the council, but also to work with it to underpin the forward direction of travel.

A tender was held in February 2019 and the Council is looking forward to working with the successful bidders to reduce risk and in so doing; reduce the number and cost of claims.

Procurement of a Claims Management System & Improved Management Information

The procurement of a single claims database was approved by Cabinet on 11th October 2018.

There are currently four databases that are operated by Risk and Insurance, Legal, Highways

and Transport. Having a single claims system would benefit the Council by:

- Reducing the cost of claims handling functions by increased efficiency
- Reducing the time to resolve claims, improving customer service
- Reducing duplication of work between claims teams
- Reducing the risk of fraud
- Reducing errors by users
- Enhancing the reporting capabilities and producing more meaningful data
- Identify lessons learnt in a speedy manner to reduce risk and cost across departments
- Assist with the identification and reduction of risks that generate claims
- Identify repeat claimants at an early stage and before claims are settled
- Identify potential fraudulent claimants
- Provide full audit trails showing users activity
- Provide time recording facility to track users time spent on specific claims/clients for charging purposes
- Access rights to multiple users and differing levels of authority matched to their role
- Automatic production and e-mailing of reports
- Interface with CONFIRM/ALLOY to automatically populate claims information for Highway claims
- Interface with SAP for payment of invoices and cheques
- Interface with FLEETWAVE for motor claims data
- Interface with S4S to allow download of renewal requests and policy documentation production
- Potential interface with IKEN to download claim files directly into the system
- Potential ability for Schools to upload claims into the system directly
- Risk Management module would be optional if available
- Be GDPR compliant

Actuarial Review of the Insurance Fund

The Council's Insurance Fund is established to pay claims:

- that fall between the external policy excess and the excess chargeable to the service

- on risks that are insured entirely in the fund

The fund is established by charging premiums to the service revenue budgets (see 2.4.1) and by applying interest annually. The balance on the fund will be monitored to ensure that funds are sufficient to meet claims and additional contributions will be made to the fund as required.

Every four years, the financial standing of the fund will be assessed by an independent actuary. The actuary's report and recommendations will be reported to Cabinet.

Claims Handling

A full review into claims handling arrangements will be undertaken together with claims processes and procedures to ensure that Claims are handled proactively, in accordance with claims handling good practice and to ensure that the Council is subject to the minimum leakage.

Claims Audit

A full external claims audit is to be carried out at least every five years with interim audits carried out at least every 2 years.

Audits will be carried out on:

- DCC internally handled claims
- External providers claim files

As a full external claims audit has not taken place in recent years, it is anticipated that an external provider be appointed as soon as possible to form part of the review into the claims handling arrangements of the Council.

Fraud Approach

TBC

Lessons Learnt

Lessons learnt from claims and near misses data is a valuable tool to assist Departments in evaluating where there is a potential breakdown in processes and procedures and to highlight where resources need to be focussed to reduce claims and improve procedures.

A Council wide solution will be developed to keep Senior Management, Cabinet and Departments abreast of their claims and near miss data to assist them in improving processes to not only reduce claims and thereby the insurance premium; but also, to assist with improving staff well-being and retention.

Insurance Framework

The following framework details how the Council will achieve its first two aims and objectives.

Insurance Brokers

Apart from Zurich Municipal Insurance ([see below](#)) the insurance industry transacts business through insurance brokers. Therefore, the Council appoints brokers to ensure that it has access to all possible insurance providers.

The brokers also give advice and information on insurance and risk management matters; assist in the analysis of claims trends to determine the optimum balance between internal and external insurance; assist in the preparation of tender documentation; and assist in the evaluation of tenders and quotations.

Brokers are appointed for a fixed period and on expiry of the contract the service is market tested in accordance with external regulatory requirements and the Council's Financial Regulations.

Zurich Municipal Insurance (ZM)

ZM are one of the principle providers of insurance to the public sector. The company is a direct provider and will not quote through the client's brokers. The company's position complicates the tender process but as they are such a significant provider the Council will always seek quotations from them. The brokers also recognise the importance of ZM and ensure that they are fully engaged with prior to the commencement of the tender process.

The Council's officers and the brokers evaluate ZM's quotations alongside the submissions from other insurers.

Procurement

Insurance or other forms of alternative risk transfer will be procured in accordance with the external regulatory requirements applying at the time (e.g., OJEC procedures) and the Council's Financial Regulations. The procurement process will be handled by the Council's appointed brokers but managed by the Technical Insurance Team in conjunction with Procurement Services.

Subject to availability, and the terms being advantageous, the Council will seek fixed term contracts or long-term agreements.

Financial Management

Premiums

Premiums will be charged to service revenue budgets and will be based on exposure to risk (e.g., sum insured) and claims history. They will comprise

- The external premium including IPT that is payable to the insurer or alternative risk transfer provider
- The internal premium required to establish the fund to meet claims that the Council is required to pay

Insurance Fund

The Council's Insurance Fund is established to pay claims:

- that fall between the external policy excess and the excess chargeable to the service
- on risks that are insured entirely in the fund

The fund is established by charging premiums to the service revenue budgets and by applying interest annually. The balance on the fund will be monitored to ensure that funds are sufficient to meet claims and additional contributions will be made to the fund as required.

Every four years, the financial standing of the fund will be assessed by an independent actuary. The actuary's report and recommendations will be reported to Cabinet.

External Influences

A number of external influences may impact on the Insurance Strategy such as government legislation; increase in IPT; civil unrest; terrorist activities or natural disasters which all have a bearing upon the Insurance marketplace. These will be taken into consideration as part of the annual strategy review process.

Glossary

Leakage	Is the term used to describe overpayments or paying a claim when it was not necessary to do so
IPT	Insurance Premium Tax
Actuary	Specialist insurance accountant