



ZURICH
MUNICIPAL

Getting Best Value from your Insurance Arrangements

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Agenda

- Your objectives
- Why insure?
- What are the options?
- Where does the money go?
- How can you reduce costs?
- What does good look like?
- How to achieve the most successful consortium purchase

Your objectives

- To reduce insurance related costs
- To replicate best practice

Why insure?

- To finance certain risks
- To protect budgets
- To provide an element of financial certainty
- Comfort factor

What are the options?

- Traditional insurance market
- Consortia purchase
- Self insurance
- Mutual
- Captive

Where does the money go?

- Premium
- Broker/Consultant
- Claims Handling
- Cost of claims
- Risk management
- Internal administration

How can you reduce costs?

- Increase self insurance levels
- Negotiate hard with your insurer
- Tender
- Demonstrate effective risk management

What does good look like?

- Current exposures are fully identified, understood and shared with your insurer
- Significant changes in risk are identified early, risk assessed and shared with your insurer
- Senior officers and members are fully engaged in managing risks
- Risk management is embedded within the culture of the authority
- Risks are regularly profiled, prioritised, appropriate mitigation actions are taken, the results are monitored and shared with insurers.
- Suppliers' performance is monitored on a regular basis
- Fraudulent claims are vigorously investigated

Use of Resources

KLOE 4.2

4. INTERNAL CONTROL How well does the council's internal control environment enable it to manage its significant business risks? Key line of enquiry 4.2 The council has arrangements in place to maintain a sound system of internal control Audit Focus Evidence that: <ul style="list-style-type: none"> the council reviews and reports on its system of internal control the council has an audit committee or equivalent and an internal audit function 		
Criteria for Judgement		
Level 2 * An appropriate member group has responsibility for review and approval of the SIC and considers it separately from the accounts. * The core functions of an audit committee, as identified in the CIPFA guidance, are being undertaken by members. * The council has an internal audit function that operates in accordance with the CIPFA code of practice for internal audit in local government. * The council has a business continuity plan in place which is reviewed on a regular basis. (now bold) * The council has identified its significant partnerships and has appropriate governance arrangements in place for each of them. (now bold)	Level 3 * The council has put in place an assurance framework that maps the council's strategic objectives to risks, controls and assurances. * The assurance framework provides members with information to support the SIC. * The council can demonstrate that it is effectively delivering the core functions of an audit committee, as identified in the CIPFA guidance; that it provides challenge to the Executive when required and provides for effective leadership on governance, financial reporting and audit issues. (now bold) * The procedure notes/manuals for key financial systems are reviewed and updated as appropriate. (now bold) * The standing orders, standing financial instructions and scheme of delegation are reviewed and updated as appropriate. (now bold)	Level 4 The assurance framework is fully embedded in the council's business processes. The council can demonstrate corporate involvement in/ownership of the process for preparing the SIC. An audit committee has been established that is independent of the executive function, with terms of reference that are consistent with CIPFA's guidance. It provides effective challenge across the council and independent assurance on the risk management framework and associated internal control environment to members and the public, and can demonstrate the impact of its work. The standing orders, standing financial instructions and scheme of delegation make specific reference to partnerships. Governance arrangements with respect to partnerships are subject to regular review and updating.

Source: Audit Commission

How to achieve the most successful consortium purchase

- Members need to have common renewal dates, coverage, excess levels, aggregate stops, methods of claims handling, risk management standards
- A single point of contact and agreement as to how the lead authority role will be exercised
- Agreement as to how an LTA will operate
- A cross liability clause

How to achieve the most successful consortium purchase

- Agreement how a specific authority's additional requirements will be dealt with and charged
- Agreement as to how premiums will be apportioned
- Documentation of 'what ifs' up front. For example, what would happen if a stop is exceeded?