
Select Committee on Regeneration, Culture and Adult Education - 5th March 2008

Report of the Director of Finance

Update on Insurance Arrangements for Community Groups

Purpose of the Report

1. To update this committee on the results of the work the Risk Manager was asked to undertake at the 19th September 2006 meeting

Background

2. Until September 2004, the Council facilitated via its broker the administration of liability insurance policies for community associations/groups. Following latest advice from Council's broker, (Aon), it was made clear that this facility was no longer appropriate for the following reasons:
 - Associations/groups are separate legal entities
 - Council has no insurable interest (in the technical sense)
 - Potential for Council to become involved in liability disputes.
3. The committee requested information relating to insurance costs paid by community associations and groups. Community associations and groups have arranged their own insurances since September 2004, hence data was not directly available.
4. To assemble the data, a small questionnaire was devised by the Risk Management & Insurance Section and was sent out to pertinent groups

Summary of Results

5. A total of 24 questionnaires were sent out on the 25th October 2006 and 13 were returned. Premiums ranged from £305 to £1462 and broadly speaking premiums commensurate with sum insured. No claims were declared as having been made with the last 5 years.

Going Forward

6. Dudley MBC is not permitted to make any specific recommendations under F.S.A. regulations, but discussions with Council's current liability insurers Zurich Municipal have taken place. This committee has already been advised that Zurich Municipal will offer to quote on an individual declaration basis for associations at competitive premium rates. (Subject to annual review)

7. The Council's insurance broker, Aon have confirmed that it is extremely unlikely that a premium much below £300.00 could be achieved, stating that whilst risk profiles are favourable, £250 to £300 is the very minimum any insurer is likely to quote because of administration costs.
8. Given the range of premiums declared it might be possible for some savings to be achieved. However the Council cannot recommend any particular insurer and cannot influence groups or associations to seek alternative insurance arrangements.
9. The Council can do no more than suggest if approached by community groups, that whilst the Council is unable to recommend any insurer or give any advice in such matters, our insurers do operate a scheme and that groups may wish to seek a quotation upon renewal from Zurich in conjunction with others sought at the same time.

Finance

10. There are no direct financial implications for Dudley MBC in this report. However it continues to be recommended that community associations and groups do have appropriate insurance covers in place.

Law

11. Under Financial Services Authority regulations, Dudley M.B.C. is not permitted to make any specific recommendations. It should also be noted that whilst Dudley M.B.C. is not directly affected, it is a legal requirement for any organisation with 2 or more employees to hold Employers Liability Cover, this may apply to some larger community associations.

Equality Impact

12. There are no direct equal opportunities implications arising from this report with regard to:
 - The effect of the decision on children and young people
 - Consultation with children and young people; and
 - The involvement of children and young people in developing the proposals

Recommendation

13. It is recommended that the contents of this report are noted.



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