



<b>8.8</b>	<b>ANNUAL INSURANCE RENEWALS 2017/2018</b>
<b>WARD:</b>	<b>WHOLE OF MUNICIPALITY</b>
<b>GENERAL MANAGER:</b>	<b>CHRIS CARROLL, ORGANISATIONAL PERFORMANCE</b>
<b>PREPARED BY:</b>	<b>JULIE SNOWDEN, CO-ORDINATOR RISK &amp; ASSURANCE</b>
<b>TRIM FILE NO:</b>	<b>50/02/31</b>
<b>ATTACHMENTS:</b>	<b>Nil</b>

### **PURPOSE**

This report requests that Council approve the insurance renewals for Public & Products Liability and Professional Indemnity, Industrial Special Risks and Motor Vehicle/Fleet insurance categories for the 2017/18 financial year and requests Council authorise the CEO to finalise all matters associated with the 2017/18 insurance renewal.

## **1. RECOMMENDATION**

That Council:

- 1.1 Approves the following annual insurance renewal premiums as part of Tender No. 2075 for a total cost of \$1,122,023.86 (incl. GST) for 2017/18 from various parties as specified below via Council's broker, AON Risk Services Australia Ltd:
  - Industrial Special Risks (Lead) Berkshire Hathaway Ltd \$397,991.56
  - Public & Products Liability & Professional Indemnity (Lead) CGU Insurance Ltd \$564,668.04
  - Motor Vehicle (162 Units) CGU Insurance Ltd \$159,364.26
- 1.2 Authorises the CEO to finalise all matters and payments associated with 2017/18 insurance renewal.

## **2. BACKGROUND**

- 2.1 Section 76A of the Local Government Act 1989 (the Act), requires individual councils to take out and maintain at least \$30 million public liability cover and \$5 million professional indemnity cover. Council's insurance program comprises numerous policies that respond to Council's current risk profile / needs.
- 2.2 Council's insurance program is managed by the Risk & Assurance Team through its insurance broker Aon Risk Services Australia Ltd ("Aon") who was appointed by Council in 2016 to provide insurance brokerage services on Council's behalf for a period of five years.



- 2.3 As part of this arrangement, and in accordance with Section 186 of the Local Government Act 1989, Aon must, each year, facilitate a public tender process (on Council’s behalf) for the annual renewal of the three main insurance policies in size and value which are Public & Products Liability / Professional Indemnity, Industrial Special Risks (Council’s property & assets), Motor Vehicle / Fleet.
- 2.4 Through this process, Council has access to commercial insurance providers which are regulated, deliver savings on premiums and “best fit” coverage for council’s needs.

**3. KEY INFORMATION**

- 3.1 Tender No. 2075 was advertised in The Age on the 29 April 2017 for the three main (3) insurance policies –
- Industrial Special Risks – insuring a total declared asset value of \$433M. The declared asset value increased by approximately \$10M from 16/17 mainly due to the revaluation of The Palais Theatre following improvement works.
  - Public & Products Liability & Professional Indemnity – covering Council for personal injury and property damage caused by an occurrence in connection with Council business and insuring against loss for civil liability as a result of a breach of professional duty. Levels of cover Public/Products Liability \$400M and Professional Indemnity \$300M.
  - Motor Vehicle / Fleet – insuring 162 units (premium charged per unit).
- 3.2 Following an evaluation of tenders, the following providers have been assessed as providing the best value policies that meet Council’s requirements which were :

Class of Insurance	2017/2018		2016/2017
	Insurer / Underwriter	Total	Total
Industrial Special Risks	(Lead) Berkshire Hathaway Ltd	\$397,991.56	\$389,526.68
Public & products Liability & Professional Indemnity	(Lead) CGU Insurance Ltd	\$564,668.04	\$564,667.98
Motor Vehicle (162 Units)	CGU Insurance Ltd	\$159,364.26	\$163,350.00
<b>TOTAL</b>		<b>\$1,122,023.86</b>	<b>\$1,117,544.66</b>



## **FURTHER SUPPORTING INFORMATION**

### **4. LEGAL AND RISK IMPLICATIONS**

- 4.1 The recommendation authorises the CEO to make all necessary payments under the insurance broking arrangement with AON. The current delegation to the CEO to award contracts is \$1M where the price accepted is the lowest and \$500k where the accepted price is not the lowest.
- 4.2 Council's Procurement team have endorsed this approach as being consistent with the requirements of Section 186 of the Local Government Act 1989.

### **5. IMPLEMENTATION STRATEGY**

#### **5.1 TIMELINE**

- 5.1.1 Council officers authorised Aon to obtain pricing for 2017/18 premiums in March 2017.
- 5.1.2 Following Council's decision, officers will be able to enter into a formal agreement with Aon and arrange payment for all insurance premiums effective from 1 July 2017.

### **6. OFFICER DIRECT OR INDIRECT INTEREST**

- 6.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.