

3.2 INSURANCE PORTFOLIO RENEWAL 2022/23

(ST/KH: F21-7922)

Responsible Senior Officer: Danny Wain, Chief Financial Officer

RECOMMENDATION*That Council note this report.***INTRODUCTION**

This report provides advice on the placement of Council's insurance portfolio for 2022/23.

The insurance program for 2022/23 has resulted in a 5.9% increase from 2021/22, the year prior it had a 9.7% increase. The increase is explained by a number of market pressures and increase in claims experienced over the past year and forecast increase in current year.

DISCUSSION

Monash City Council has appointed JLT Public Sector, a subsidiary of the Marsh and McLennan Companies, as Risk Advisors. JLT Public Sector provide risk transfer advice, direct access to mutual risk products such as asset insurance and public and professional liability insurance and to provide a traditional broking role for other lines of insurance for Council.

Council's insurance policies, with the exception of the Public Liability and Professional Indemnity policy and the Commercial Crime policy, are placed by JLT Public Sector. Public Liability and Professional Indemnity insurance and Commercial Crime insurance are placed directly with MAV Insurance.

JLT Public Sector's renewal strategy is to work with the existing panel of insurers from across Australia to provide the best long-term strategic results. This approach for Monash City Council ensures continuity and certainty of insurance coverage during a period of vulnerability for the insurance market and the instability that comes with it.

Monash City Council continues to place its property insurance with Jmapp (Jardine Mutual Asset Protection Plan). The mutual scheme provides stability and confidence to its local government clients regardless of the volatility within the insurance market. Reinsurance provides the remainder of cover for the aggregate of claims exceeding the primary level. Excess of loss insurers include Vero, Zurich, Chubb, XL and AIG.

The average increase across the sector for this renewal is 8.9%. Monash City Council's total declared assets (including buildings, artworks, unregistered plant and equipment and contents) has increased by 6.4% from 2021/22. The increase for Monash City Council is 7.94% on the premium.

The Public Liability and Professional Indemnity policy has been placed with MAV – LMI Insurance for 2022/23. MAV Insurance have advised the Liability Mutual Scheme has incurred an on average 7% increase.

All 79 Victorian local governments and all 29 Tasmanian local governments are members of the scheme for 2022/23. The increase for Monash City Council is lower than the average, being 5%.

The table below summarises the renewed policies:

Class of Insurance	Insurer
Industrial Special Risks (Property and Art works)	Jmapp
Public Liability and Professional Indemnity	MAV-LMI Insurance
Motor Vehicle	Vero
Community Liability	QBE
Commercial Crime	Chubb
Environmental Impairment Liability	Liberty International Underwriters
Cyber Liability	Chubb Insurance Ltd Zurich Insurance Australia XL Catlin
Councillor and Officers Liability	AXA XL Zurich Insurance Australia
Personal Accident Insurance	Chubb Insurance
Corporate Travel	Chubb Insurance
Plumbers Liability	Zurich Insurance Australia

The insurance portfolio reflects the risks faced by Council and provides financial protection against losses and assistance with business recovery.

Individual policies mitigate the severity of the loss, and the Internal Audit program provides assurance to management that the preventative actions to manage risk are working as expected. The program is assessed annually against the strategic risk profile of Council.

CONSULTATION

Not applicable.

SOCIAL IMPLICATIONS

Not applicable.

HUMAN RIGHTS CONSIDERATIONS

Not applicable.

GENDER EQUITY ASSESSMENT

Not required for this report.

FINANCIAL IMPLICATIONS

The 2022/23 budget sufficiently caters for the increase in insurance premiums.

CONCLUSION/RECOMMENDATION

Monash City Council's insurance portfolio is one of the essential tools for managing the consequences of unexpected risks that prevent, or delay, the delivery of services as expected by our community. Council's insurance portfolio provides financial protection against losses.

This report assures Council that adequate protection is garnered through our insurance portfolio.

It is recommended that Council note this report.