

Finance and Resources Committee Meeting – 24 April 2008

INSURANCE PAPER

Executive summary and recommendations

Introduction

Decision

The Committee is requested to note the document.

Background information

The HPC has a suite of insurance policies, arranged by Lockton Companies International Ltd, insurance brokers. They help to mitigate certain risks outlined in the HPC Risk Register.

On HPC's behalf, Lockton have recently negotiated improvements to the insurance via reduced premiums, reduced policy exclusions and increased cover limits.

Commercial Combined (including Terrorism) policy

Fusion Insurance Services Ltd - This covers property damage (storm, flood, fire etc), business interruption and building contents coverage (excluding computers). The coverage has been updated for the most recent building reinstatement cost, based on a full loss scenario and includes an allowance for construction costs, professional fees, planning fees, demolition & site clearance costs.

When Phase Two of the 22/26 Stannary St project commences, we will obtain further building coverage for the increased reinstatement value of 22-26 Stannary St premises. The building reinstatement value for Park House and 20 Stannary St was valued in March 2008 at £3.22M. For 22-26 Stannary St, the building reinstatement cost was valued at £1.59M.

Public/products liability

Fusion Insurance Services Ltd - Indemnity against all sums for which HPC is legally liable to pay for damages arising from accidental third party bodily or personal injury or damage to third party property.

Computer (including Terrorism)

Allianz Insurance Plc - This policy covers physical loss or damage including terrorism to computers, auxiliary equipment and computer media. It includes computer virus and laptop loss coverage.

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2008-03-05	a	F&R	PPR	Insurance paper	Draft	Public
					DD: None	RD: None

Personal Accident/Travel

AIG UK Limited

For all Employees:

- Three times annual salary payment on death by personal accident, permanent total disablement or disabling injuries.

Conditions: Total one accident claim limit of £10M. Total aircraft accumulation claim limit (travel of multiple employees on one plane) of £25M.

For Council members, Non Council Committee Members (NCCM's) and Partners:

- £50,000 on death by personal accident, permanent total disablement or disabling injuries
- £250 per week for temporary total disablement up to 104 weeks, excluding the first 7 days

Conditions: Total one accident limit of £10M. Total aircraft accumulation limit (travel of multiple employees on one plane) of £25M.

For all employee, council member, NCCM or partner travel:

- unlimited medical, rescue and assistance expenses
- legal expenses claim up to £50,000
- personal liability claim up to £5,000,000
- personal property loss up to £5000 with a maximum claim for any one item of £2000
- money loss of £5000 including max cash of £2000
- For cancellation, curtailment, travel disruption & travel delay expenses, claim up to £10,000
- For hijack, claim up to £25,000
- For kidnap or hostage, aggregate claim limit of £250,000
- For political evacuation, aggregate claim limit of £50,000

Major exclusions on the travel claims above include; journeys undertaken against the advice of a medical practitioner, for persons over 85 years, claims arising from pregnancy or childbirth. NB: Can apply to the insurer on a one off basis for pregnancy cover for a specific journey.

Engineering/Inspection

HSB Haughton

This policy covers boiler, pressure, lifting and handling plant (elevators). Cover relates to sudden and unforeseen damage with a £50,000 claim limit.

Legal Expenses

Brit Insurance Ltd - This policy covers legal expenses incurred by external solicitors/counsel in dealing with cases that are brought before the FTP Committee, including the defence of any Judicial Review against the HPC.

- The policy excess is £125k and the aggregate limit has been raised to £500k per annum with a limit of £250k per loss (case/review).

Condition: That the HPC notify the insurers of any likely claim that might exceed £75k.

Professional Indemnity, Executive Liability, Crime Documents

Markel (UK) Ltd

(i) Under Executive liability, cover relates to any loss incurred arising from claims made during the period by reason of a wrongful act committed by the Association (HPC) or the assured (council member, officer or employee, but not its administrator, receiver, liquidator or auditor).

Condition: Cover limited to the extent that the Association (HPC) is required or permitted to indemnify the assured pursuant to the law or by the articles of association, constitution or charter of the Association.

(ii) Under Professional liability, cover relates to any loss arising from any claims during the period by reason of a wrongful act committed by the Association, the assured or any other person, firm or company directly appointed by and acting on behalf of the Association.

(iii) Under Fidelity, cover relates to any loss arising in consequence of any dishonest, fraudulent, criminal or malicious act committed by the assured or employee with the manifest intent to obtain improper personal gain for such assured and/or employee or for any other party intended by such assured and/or employee to receive such gain.

(iv) Under Documents, cover relates to any loss notified during the period of insurance which arises from the physical destruction/damage/loss of any document, which after diligent search cannot be found, in or about the conduct of professional services.

Policy limits: £2M any one claim and in aggregate for all claims notified during the period of insurance. Limit of £50k for Fidelity cover and £10k for Documents.

Major Exclusions: Actions brought in the USA or Canada. Bodily injury, sickness or death sustained by any person, or loss, damage or destruction of property. Loss brought about by failure of the computer to recognise or respond to any particular date or period of time. Circumstances known or reported before inception of the policy. Circumstances arising from activities undertaken prior to the retroactive date (professional indemnity date = 1/10/87, fidelity date = 22/09/98). War and terrorism exclusion. Asbestos exclusion.

Financial implications

Insurance premium costs of £63k. Includes £31.5k for Legal expense insurance.

Appendices

Nil

Date of paper

14 April 2008