



DIRECTOR CORPORATE AND COMMUNITY SERVICES REPORT

13th March 2007

DCCS7	APPOINTMENT OF INSURANCE BROKER FOR PERIOD 2007 TO 2009 FILE: 104 KRW
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SUMMARY:

To appoint Council's Insurance Broker for the three (3) year period 2007 to 2009.



DESCRIPTION:

In accordance with Council's policy on Insurances, each three (3) years Council calls for expressions of interest from insurance brokers to arrange Council's insurances for the ensuing three (3) years.

Not all classes of Council's insurance are arranged by a broker as Council has accepted proposals from Statewide Mutual to be its insurer for public liability and property and with workers compensation Council is required by legislation (Workers Compensation Act Section 192) to deal direct with its insurer, in this instance currently Statecover Mutual.

The appointed insurance broker will be required to arrange Council's other classes of insurance which are: -

Motor Vehicle Comprehensive
Motor Vehicle CTP
Councillors and Officers Liability
Marine Hull
Personal Accident
Statutory Liability
Carriers Liability
Casual Hirers Liability
Workers Compensation Top Up

Advertisements were placed during the month of February and the following brokers submitted an expression of interest: -

- Jardine Lloyd Thompson Pty Ltd – Coffs Harbour (Council's existing broker)
- Australian Insurance Solutions Pty Ltd – Kempsey (Council's existing motor vehicle CTP broker)
- CRM Brokers Pty Ltd - Sydney

A brief assessment of each broker follows.

Jardine Lloyd Thompson Pty Ltd

Jardine Lloyd Thompson Pty Ltd is a specialist local government insurance broker and has been Council's main broker for over 15 years serving Council out of its Coffs Harbour regional office. The client Councils in New South Wales of Jardine Lloyd Thompson now number 163. The number of Councils handled Australia wide is 580.

Jardine Lloyd Thompson has bulk marketing power to obtain the broad scope of cover required by a local government Council and at a cheaper price than smaller brokerages. They have provided efficient service to Council from their Coffs Harbour office through North Coast Regional Manager, Mr Steve Kelly. The provision of quick advice on risk management and liability issues when required has stemmed from a good working relationship between Council and Jardine Lloyd Thompson.

The brokerage fee payable by Council for Jardine Lloyd Thompson would be based on the standard brokerage rates on each class of insurance. These range from 2% to 5% of the premium quoted.

Australian Insurance Services (NSW)

Australian Insurance Services are a small local firm operating from Kempsey. They seek to act as Council's broker for motor vehicle comprehensive and motor vehicle CTP insurance only.

The brokerage fee for Australian Insurance Services as advised by them would be a commission only basis for the motor vehicle CTP and commission and a fee for service for the motor vehicle comprehensive insurance.

Australian Insurance Services are Councils current broker for motor vehicle CTP. This was a decision made by the Council back in 2001 to appoint this local firm to broker Council's CTP insurance and Jardine Lloyd Thompson to act as Council's broker for the remaining classes of insurance.

CRM Brokers Pty Ltd

CRM Brokers are based in Sydney with a regional office located in Coffs Harbour, and this is the first time the company have expressed an interest in managing Councils insurance brokerage.

The company offers experience in dealing with larger corporations although experience in brokerage for Local Government organisations has not been expressed, CRM's founding Directors together have over 40 years experience in the insurance industry.

CRM have expressed interest in managing all of the advertised insurances required by Council.

Summary

Based on experience in the local government field and their bulk purchasing power, Jardine Lloyd Thompson Pty Ltd is the recommended broker of those who applied.

With the submission by the local brokers it is preferred that motor vehicle comprehensive and CTP be given to Jardine Lloyd Thompson as I believe the aim of the policy is to appoint one broker who can provide the best service to Council and provide the most competitive premiums for its insurances.

If Council was of a mind to support the local businesses in some way it could again appoint Australian Insurance Services as the broker for CTP (green slips) insurance as they provided good service with this over the last 3 years. While it has assisted the Fleet Co-ordinator to have green slips provided by the local broker however, green slips can now be purchased on-line so this aspect of the service may not be an issue. It would then be the brokers role to negotiate the best deal and I believe Jardine Lloyd Thompson have the greater buying power to do this.

REPORT IMPLICATIONS:

- *Environmental*

Nil

- *Social*

Part of Council's social obligation is the health and safety of its community. An insurance broker does not only arrange premiums but should be involved in all aspects of risk management.

- *Economic (Financial)*

The cost of an insurance broker is provided for within premium budget allocations. Council's total budget for insurances for 2006-2007 is in the vicinity of \$700,000 across all insurances (excluding workers compensation).

Council's public liability and property insurance total approximately \$500,000 of this figure and these classes of insurance are subject to a separate agreement with Statewide Mutual Limited, a specific local government self-insured pool comprising 163 NSW Councils.

The insurance classes listed in this report make up the remaining \$200,000 in premium value, so it is important that Council appoints the insurance broker who can achieve the best economic result for Council.

- *Policy or Statutory*

Council's policy M11:8 requires that Council's insurance brokers be appointed for a three (3) year period.

- *Directors Review*

The recommendation is supported.

RECOMMENDATION:

That Jardine Lloyd Thompson Pty Ltd be appointed Council's insurance broker, for the classes of insurance detailed in the report, for the three (3) year period 2007 to 2009.

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G B Snape
DIRECTOR CORPORATE AND COMMUNITY SERVICES