

CONFIDENTIAL

Title of Report: Insurance Fund Policy

Paper No: 79/15

Date: 22nd April 2015

Report of: Financial Secretary/Head of Finance

1 Purpose

- 1.1 This paper proposes that the Insurance Fund is extended to cover material damage to public structures.

2 Recommendation

- 2.1 Honourable Members are invited to approve that the Insurance Fund objective v) is extended to cover material damage to public structures as detailed below from the 2014/15 financial year:

v) Material damage to other major FIG assets not covered by commercial insurance.

3 Additional Budgetary Implications

None

4 Background

- 4.1 The Insurance Fund was established, as provided for by Section II (1) (a) of the Finance and Audit Ordinance 1988 and by the Public Funds Ordinance 1990.
- 4.2 The current objectives of the Fund are to provide Insurance cover in respect of:
- i) Material damage to all aircraft;
 - ii) Material damage to the Hospital up to £6m; the excess over this figure has been insured commercially;
 - iii) Material damage to the Community School up to £6m; the excess over this figure has been insured commercially;
 - iv) Material damage to the Port Facility pontoons;
 - v) Material damage to other public buildings including housing; and
 - vi) Personal Accident in respect of all FIG employees, students and elected Members, and the spouses of those individuals.

5 Claim History

- 5.1 Since inception in 1990 there has been only two claims against the fund; a payment of £18,470 was made to the Consolidated Fund during 2000/01 in respect of a claim of material damage sustained by a FIGAS Islander Aircraft¹.
- 5.2 The second a payment of £89,024 was made to the Consolidated Fund during 2011/12 in respect of material damage to the generator at the power station.
- 5.3 No other payments, except investment manager's fees and external insurance premiums, have been made.

6 Extension of Cover

- 6.1 In early February 2015 material damage occurred to the bridge over the Malo River on North Camp Rd, this was notified to the Financial Secretary by the Director of Public Works as a potential claim against the Insurance Fund for the repairs.
- 6.2 On reviewing the objectives of the Insurance Fund it became clear that objective v) had been drafted to the exclusion of some public structures which is believed not to have been the intention. It is therefore recommended that the objective be redrafted to cover all major FIG assets which are not commercially insured.
- 6.3 Should this be approved then a transfer of approximately £60,000 will be organised to cover the cost of repairs to the bridge over the Malo River. In accordance with section 7 of the Public Funds Ordinance this would then be reported to the next available Legislative Assembly.

9 Financial Implications

- 9.1 None

10 Legal Implications

- 10.1 None. The objectives of the fund are agreed through policy decision at ExCo rather than set out in statute.

11 Human Resource Implications

- 11.1 None.

¹ No funds were paid out following the write off of FIGAS Islander BI in 2006/07 as a replacement airframe was not purchased.