

POLICY, FINANCE AND ADMINISTRATION COMMITTEE

3 DECEMBER 2013

REPORT OF HEAD OF CENTRAL SERVICES

CRIME INSURANCE POLICY

1.0 PURPOSE OF THE REPORT

1.1 To provide Members with information relating to a Crime insurance policy, and allow consideration for adopting such a policy.

2.0 RECOMMENDATION

2.1 **It is recommended that the Crime Insurance Policy is adopted as set out in 3.4 below at a cost of approximately £4,000 plus Insurance Premium Tax (IPT) of 6%**

3.0 KEY ISSUES

3.1 Following the recent fraudulent payment, the Council has been made aware of an insurance policy which has recently become available.

3.2 The Crime Policy offers the following cover, full details of which can be found at Appendix A:

- Employee Dishonesty;
- Bailiff Insolvency Extension
- Third Party Computer Fraud and Funds Transfer; and
- Forgery and Counterfeiting

3.3 It should be noted that the Employee Dishonesty cover would replace the Fidelity Guarantee Cover which is currently in place. The current cost of the Fidelity Guarantee Cover is £1,568 including (IPT) at 6%. Full details of the Fidelity Guarantee Cover in place can be found at Appendix B.

3.4 Review of the Bailiff Insolvency Extension cover established that, due to the low level of monies held with Bailiffs, it would not be beneficial to take out such cover. Therefore, it is recommended that only the Employee Dishonesty, Forgery & Counterfeiting and Third Party Computer Fraud & Funds Transfer covers be taken out. The basis of the quote received to date (approximately £4,000 plus IPT at 6%) is based on this level of cover with a £5million limit of indemnity and a compulsory excess of £10,000.

3.5 The third Party Computer Fraud and Funds Transfer cover would insure the Council against any future losses, such as those losses which could arise from the recent fraudulent payment. For this particular cover, an excess of £25,000 would apply with a £250,000 limit for all losses discovered in any one period of insurance. However it should be noted that Zurich have requested details over the recent fraudulent payment and the Account Scams section of Thirds Party Computer Fraud and Funds Transfer cover will not be activated until they are satisfied that all reasonable steps have been taken. Officers are currently liaising with Zurich to provide the requested information.

3.6 Our Insurers, Zurich Municipal, have been requested to carry out a full policy review of the Council's current insurance arrangement to determine if there are any gaps in cover. From initial investigations the Crime Policy is the main gap in cover, but a further report will be brought to this Committee if there are any further gaps and recommended action.

4.0 **POLICY AND CORPORATE IMPLICATIONS**

4.1 Policy and corporate implications were addressed when the initial contract for insurance was taken out with Zurich Municipal. There are no further policy and corporate implications arising from this report.

5.0 **FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

5.1 All financial and resource implications have been addressed within section 3.0 above.

6.0 **LEGAL IMPLICATIONS/POWERS**

6.1 Legal implications were addressed when the initial contract for insurance was taken out with Zurich Municipal. There are no further legal implications arising from this report.

7.0 **COMMUNITY SAFETY**

7.1 Community safety issues were addressed when the initial contract for insurance was taken out with Zurich Municipal. There are no further community safety issues arising from this report.

8.0 **EQUALITIES**

8.1 Equalities issues were addressed when the initial contract for insurance was taken out with Zurich Municipal. There are no further equalities issues arising from this report.

9.0 **RISKS**

9.1 There is a risk that the Council is not adequately insured for the risks that it faces.

10.0 **CLIMATE CHANGE**

10.1 Climate change issues were addressed when the initial contract for insurance was taken out with Zurich Municipal. There are no further climate change issues arising from this report.

11.0 **CONSULTATION**

11.1 A meeting was held with the Councils Risk and Insurance Consultant at Zurich Municipal.

12.0 **WARDS AFFECTED**

12.1 All wards are affected.

Contact Officer: Natasha Bailey

Date: 8th November 2013

Appendices: Appendix A – Crime Policy Wording
Appendix B – Fidelity Guarantee Wording

Reference: X: C'tees, Council & Sub-C'tees/PFA/2013-14/03-12-13/DG – Crime Insurance Policy