

ITEM 6.2 - COUNCIL'S INSURANCE POLICY (Cont.)

#1 Policy 2150-060 Council Insurance



Policy: 2150-060

**Council Insurance**

**Head of Power**

*Local Government Act 2009*

**Related Legislation**

*Insurance Act 1973 (Cth)*

*Insurance Contracts Act 1984 (Cth)*

**Objective**

1. To document the types of insurance to be maintained by Council; and
2. To specify the insurance policies to be obtained by suppliers of goods or services wishing to undertake business with the Council, or parties wishing to use Council land or assets.

**Definitions**

**CEO** means Council's Chief Executive Officer.

**Councillors and Officers Liability / Employment Practices Liability** means the provision of cover for Councillors and officers in relation to their legal defence costs and other related fees they incur to defend themselves when claims have been made against them in a personal capacity whilst undertaking their Council role, and acting on its behalf.

**Employee** means all employees of Council, whether employed on a permanent, temporary, or part-time basis and includes volunteers and employees of businesses and entities contracted to provide services to, or on behalf of Council.

**Fine Arts** means the provision of cover for fine arts and collectables owned by the Council and for property entrusted to the Council for exhibitions or other such purposes.

**Hall Management Committee** means the provision of cover for committees managing Council-owned halls, including in relation to miscellaneous fundraising activities and committee-organised minor community events associated with the hall.

**Industrial Special Risks** means the provision of cover for Council's real and personal property (excluding floating pontoons and floating pollution traps) or for when Council has assumed responsibility or acquires an insurable interest, against claims involving industrial special risks or engineering matters.

**Interested Party** means to be noted as a third-party beneficiary under a policy of insurance with rights to recover directly from the insurer in certain circumstances.

**Insurance Risk Matrix** means the guide that must be followed to determine the appropriate level of insurance coverage for Public and Products Liability and Professional Indemnity Insurance.

**Marine Hull / Pontoon** means the provision of cover for Council's marine watercraft, floating pontoons and floating pollution traps.

**Motor Vehicle (managed by Fleet Services)** means the provision of cover for all registered or unregistered vehicles belonging to or leased by Council and appearing on the Fleet asset register.

## ITEM 6.2 - COUNCIL'S INSURANCE POLICY (Cont.)



### Policy: 2150-060 - Council Insurance

**Principal Controlled Insurance** means an insurance arrangement where Council provides the insurance coverage under a blanket insurance policy, for the contractor and associated sub-contractors working for Council on approved projects or activities. Principal Controlled Insurance replaces the need for the contractor to arrange the contract works associated insurance cover and public liability insurance cover.

**Professional Indemnity** means the provision of cover in relation to claims by third parties for alleged negligence or breach of duty arising from an act, error or omission by Council in its performance of professional services.

**Public and Products Liability** means the provision of cover in relation to claims by third parties alleging negligent acts or omissions, or nuisances created or allowed to occur by Council, which result in an injury to the claimant or theft, loss or damage to their property.

**Travel Insurance** means the provision of cover in relation to injury and property loss occurring while travelling in an official role for Council.

**Volunteer Workers - Personal Accident** means the provision of cover in relation to claims involving death or disability of voluntary workers of Council as well as weekly payment benefits (age limitations may apply).

### Application

This Policy applies to Councillors, employees and suppliers of goods or services wishing to undertake business with Council, or parties wishing to use Council land or assets.

### Policy Statement

Council annually instructs its insurance adviser to obtain the necessary quotes and renew its insurance policies to ensure that appropriate risk exposure is managed and the necessary coverage for the following types of insurance is maintained:

1. Public and Products Liability;
2. Professional Indemnity;
3. Councillors and Officers Liability / Employment Practices Liability;
4. Hall Management Committee;
5. Industrial Special Risks;
6. Marine Hull / Pontoon;
7. Motor Vehicle;
8. Fine Arts;
9. Volunteer Workers - Personal Accident; and
10. Travel Insurance.

Suppliers of goods or services wishing to undertake business with Council, or parties wishing to use Council-owned or controlled land or assets, will be required to hold and maintain (with an insurer listed in the Australian Prudential Regulation Authority's Register of General Insurers and Authorised Non-Operating Holding Companies (NOHCs), pursuant to section 122 of the *Insurance Act 1973*) for the duration of the term as a minimum:

- Public and Products Liability insurance commensurate to the level of risk and likelihood in accordance with Council's "Insurance Risk Matrix".
- Professional Indemnity insurance commensurate to the level of risk and likelihood in accordance with Council's "Insurance Risk Matrix".
- Motor Vehicle insurance of at least \$20,000,000 for any one claim; and
- Workers Compensation insurance as required by law.

## ITEM 6.2 - COUNCIL'S INSURANCE POLICY (Cont.)



### Policy: 2150-060 - Council Insurance

The Insurance Risk Matrix is provided as a guide that must be followed by employees in assessing the appropriateness for Public and Products Liability and Professional indemnity Insurance relative to the risk associated with the supplier of goods and services or parties wishing to use Council owned or controlled land or assets.

If the Insurance level for Public and Products liability is assessed as "Extreme" as per the guiding "Insurance Risk Matrix" then Council is required to be listed as an "interested Party" on the insured's Policy.

The insurance policy must not contain provisions unacceptable to Council.

Council at its discretion may alternatively provide its own Principal Controlled Insurance coverage for those projects or activities where it is determined that providing such coverage is more economical and will control the level of risk exposure associated with the activity.

The insurance requirements detailed in this policy may only be amended by the CEO or delegate in their sole discretion having consideration to such factors as the level of risk exposure in the specific circumstances, value of goods or services to be provided, and duration of the term.

### Related Documents

This policy complements and is to be implemented in conjunction with other Council policies, directives and relevant documents published by other agencies including, but not limited to:

Procurement and Disposals Manual  
Insurance Claim Procedure Manual (A6160630)  
Corporate Directive 2180-037 - Public and Products Liability Insurance  
Insurance Risk Matrix

### Review and Evaluation

This policy will be reviewed for applicability, effectiveness, and consistency with relevant legislation, Council resolutions, and other Council documents. Reviews of this policy will occur as required, or at least once every four years.

### Responsibility

This Policy is to be:

- (1) implemented by the Accounting Services Manager; and
- (2) reviewed and amended in accordance with the "Review Triggers" by the Director Finance & Corporate Services.

Policy: 2150-060 Council Insurance			Official Version: A8766244
Document Control			
Version / Reviewed	Version Adoption (Council meeting / Minute Page) Reviewed (revision comment)	Date	Word version reference
Version 1	Coordination Committee (12/1700)	18.9.2012	A7287521
Version 2	Coordination Committee (13/1365)	30.7.2013	A8407864
Version 3	Coordination Committee (16/2577) - duplicated statement corrected 27.1.2017	6.12.2016	A14493081
Version 4	Coordination Committee (19/653)	30.4.2019	A16421644

ITEM 6.2 - COUNCIL'S INSURANCE POLICY (Cont.)



*Policy: 2150-060 - Council Insurance*

Policy: 2150-060 Council Insurance		Official Version: A8766244	
Document Control			
Version / Reviewed	Version Adoption (Council meeting / Minute Page) Reviewed (revision comment)	Date	Word version reference
Version 5	Chief Executive Officer (adopted under Council Delegation 147)	1.4.2020	A19631642
Version 6	Administrative amendments only to: <i>‘Formatting, review date and position titles’</i> <i>Approved by Director Finance &amp; Corporate Services</i>	2.10.2020	A20900371
Version 7	DRAFT	xx xx 2021	61233589

# Moreton Bay Regional Council

GENERAL MEETING - 527  
31 March 2021

Page 1


Supporting Information

ITEM 6.2 - COUNCIL'S INSURANCE POLICY (Cont.)

## #2 Insurance Risk Matrix



Supplier/Party/Contract Name: \_\_\_\_\_ Contract Number: \_\_\_\_\_ Date: -

Likelihood 	Consequences - Risk Impacts				
	Insignificant	Minor	Moderate	Major	Catastrophic
	<b>Public/Product Liability risks</b> <ul style="list-style-type: none"> <li>No injury</li> <li>Minor injury or damage that may or may not result in a formal complaint being lodged</li> <li>Minimal impact on Council</li> </ul>	<b>Public/Product Liability risks</b> <ul style="list-style-type: none"> <li>Minor injury</li> <li>Damage to property managed by department/section</li> <li>Interruption of service delivery affecting Council 'non-key' operations</li> </ul>	<b>Public/Product Liability risks</b> <ul style="list-style-type: none"> <li>Injury or illness resulting in hospitalisation (medical expenses)</li> <li>Damage to property that can be managed by department/section</li> <li>Interruption of service delivery affecting multiple departments/sections and community</li> </ul>	<b>Public/Product Liability risks</b> <ul style="list-style-type: none"> <li>Permanent/serious injury to persons</li> <li>Damage to property that cannot be managed within the department/section budget</li> <li>Interruption of service delivery to multiple users and/or back-up failure</li> </ul>	<b>Public/Product Liability risks</b> <ul style="list-style-type: none"> <li>Fatality or multiple fatalities</li> <li>Chance of multiple claims</li> <li>Major incident requiring council-wide evacuation of premises</li> <li>Significant damage to property</li> <li>Critical financial loss</li> <li>Complete loss of service</li> </ul>
	<b>Professional Indemnity risks</b> <ul style="list-style-type: none"> <li>Incorrect professional advice resulting in minimal impact on business</li> <li>Incorrect professional advice resulting in negligible circumstance resulting in no or minor financial loss</li> </ul>	<b>Professional Indemnity risks</b> <ul style="list-style-type: none"> <li>Incorrect professional advice resulting in interruption of service delivery with minor financial loss to 3<sup>rd</sup> party</li> <li>Moderate financial loss or additional expenditure that could be managed within existing department/section budget</li> </ul>	<b>Professional Indemnity risks</b> <ul style="list-style-type: none"> <li>Incorrect professional advice resulting in interruption of service delivery with major financial loss to 3<sup>rd</sup> party</li> <li>Incorrect professional advice resulting in major financial loss that can be managed within the department/section budget</li> </ul>	<b>Professional Indemnity risks</b> <ul style="list-style-type: none"> <li>Incorrect professional advice resulting in business interruption with major financial loss to multiple users</li> <li>Incorrect professional advice resulting in financial loss that cannot be managed by the department/section</li> </ul>	<b>Professional Indemnity risks</b> <ul style="list-style-type: none"> <li>Critical financial loss that has significant impact</li> </ul>
	Almost Certain	Moderate	Significant	High	Extreme
	Likely	Moderate	Significant	High	Extreme
	Possible	Low	Moderate	High	High
	Unlikely	Low	Moderate	Significant	Significant
	Rare	Low	Moderate	Significant	Significant
<b>Examples (not limited to)</b>	<ul style="list-style-type: none"> <li>Milk Delivery</li> <li>Artists/ Performers</li> <li>Community Hall Hire</li> <li>Supply of Hardware</li> <li>Corporate Uniforms</li> </ul>	<ul style="list-style-type: none"> <li>Website Developer</li> <li>Recruitment Services</li> <li>Maintenance Services (Vegetation, Ground keeping)</li> </ul>	<ul style="list-style-type: none"> <li>Leases/ Management associated with Council property</li> <li>Small Construction Projects</li> </ul>	<ul style="list-style-type: none"> <li>Strategic/Economic Planning Services</li> <li>Professional Services (Auditors, Accountants, Consultants, Legal firms)</li> <li>Trade Services (e.g. Electricians, Plumbers)</li> <li>Small Construction Projects</li> </ul>	<ul style="list-style-type: none"> <li>Major Infrastructure Projects</li> <li>Large Construction Projects</li> <li>Preferred Supplier Arrangements</li> <li>Large Information Technology providers</li> </ul>

### Identification of Appropriate Insurance Levels

<b>Insurance Level</b> Public Liability	Low \$0 - less than \$1 million per claim/event	Moderate \$1 million - less than \$5 million per claim/event	Significant \$5 million - less than \$10 million per claim/event.	High \$10 million - less than \$20 million per claim/event.	Extreme \$20 million or greater per claim/event. (Council to be listed as an Interested Party on the insureds policy)
<b>Insurance Level</b> Professional Indemnity	Low \$0 - less than \$500,000 per claim/event	Moderate \$500,000 - less than \$1 million per claim/event	Significant \$1 million - less than \$5 million per claim/event	High \$5 million- less than \$10 million per claim/event	Extreme \$10 million or greater per claim/event

Prepared by: .....

Endorsed by: .....

#### Notes:

- Insurance risks higher than 'significant' will require a more detailed risk assessment
- Add any comments on a separate page to justify your choice of level

## ITEM 6.2 - COUNCIL'S INSURANCE POLICY (Cont.)

### Further Guidance

#### **Insurance Risk Matrix**

The Insurance Risk Matrix is provided as a guide that must be followed for employees in assessing the appropriateness for Public and Products Liability and Professional Indemnity Insurance relative to the risk associated with the supplier of goods and services or parties wishing to use Council owned or controlled land or assets.

#### **Public Liability**

Council requires any supplier, company, contractor, sub-contractor, artist, performer, voluntary organisation, charity, professional body, public authority or partnership who are in the provision of a service, activity, event or use Council land and assets, will be required to have public liability insurance. A level of public liability insurance is required in every circumstance in accordance with the Insurance Risk Matrix.

#### **Professional Indemnity**

Council requires any professional/consultant who is engaged to provide expert advice, recommendation, or a report or product that Council relies upon, to have a level of professional indemnity insurance. This type of insurance usually applies to professional occupations or businesses (e.g. lawyers, engineers, doctors, accountants etc).

This means that this type of insurance is not required by Council for all purchases/engagements. For example:

- A business delivering milk supplies to Council does not require professional indemnity insurance
- Landscaping services such as a mowing contractor do not require professional indemnity insurance
- Cleaners do not require professional indemnity insurance
- Catering services do not require professional indemnity insurance

These types of purchases/engagements would generally be considered low risk in accordance with the insurance risk matrix.

#### **Risk Ratings**

A service risk rating of **High/Extreme** indicates a very high/extreme-risk project/ activity. Where the contractor/user/consultant may cause/contribute to damage to equipment or infrastructure associated with the project/ activity/ facility or other infrastructure or injury to Council staff or other people or damage to the environment.

A service risk rating of **Low** indicates a low-risk contract/ activity where there is no (or very limited) opportunity for the contractor/ user/ consultant, may cause /contribute to damage, injury or environmental impact.

INSURANCE RISK MATRIX			Official Version: A19912411
Document Control			
Version / Reviewed	Version Adoption (CEO / EMT - date) Reviewed (revision comment)	Date	Word version reference
Version 1	Chief Executive Officer (Adopted by CEO on 1 April 2020 under Council Delegation 147)	1.4.2020	A19631640
Version 2	DRAFT	xx.1.2021	61236336