



**City of Belmont**

# **Tabled Attachments**

**Standing Committee  
(Audit and Risk)  
Meeting**

**Held  
22 July 2019**





# **Standing Committee (Audit and Risk)**

**Item 10.1 refers**

## **Tabled Attachment 1**

**Insurance Portfolio 2019-2020  
Business Continuity and Risk  
Presentation**



# City of Belmont

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## Insurance Portfolio 2019-2020 Business Continuity and Risk

22 July 2019

*Creating opportunities*



# Summary of Insurance Renewal Costs 2019-2020

PRIVATE & CONFIDENTIAL  
City of Belmont

## Summary of insurance renewal costs for Period 30 June 2019 to 30 June 2020 (as @ 4 July 2019)

Class of Insurance - Currently Insured	Premium GST Inclusive	Sum Insured	Excess	Insurer
<b>LGISWA Scheme</b>				
Public Liability (LGIS Liability Scheme)	\$241,995	\$500,000,000	Various	LGIS Liability
Property (LGIS Property Scheme)	\$217,852	Various	Various	LGIS Property
Casual Hirers Liability	\$0	\$10,000,000	\$500	LGIS Scheme - funded
Workers Compensation (LGIS Workcare)	\$263,769	As per Act	N/A	LGIS Workcare - Performance based
Crime	\$4,640	\$500,000	\$5,000	LGIS Scheme - funded
<b>Non Scheme</b>				
Pollution Legal Liability	\$0	Various	\$50,000	AIG Australia Ltd (LGIS Scheme funded)
Cyber Liability	\$7,150	\$2,000,000	\$5,000	Co insured (Chubb 70% / Zurich 30%)
Corporate Travel	\$825	\$10,000,000	Various	Chubb Insurance Company of Australia Ltd
Management Liability	\$32,313	\$10,500,000	Various	Chubb Insurance Company of Australia Ltd
Personal Accident - Volunteers, Councillors	\$468	\$10,000,000	Various	Chubb Insurance Company of Australia Ltd
Contract Works	\$2,430	\$500,000	Various	QBE Insurance Australia Ltd through Thistle Underwriting Services Pty Ltd
Marine Hull	\$283	\$15,760	\$350	QBE Insurance Australia Ltd through Thistle Underwriting Services Pty Ltd
Marine Cargo	\$220	\$100,000	\$100	QBE Insurance Australia Ltd through Thistle Underwriting Services Pty Ltd - Marine
Motor Vehicle & Plant	\$75,216	\$6,049,263	\$500	Zurich Australian Insurance Limited
<b>TOTAL PAYABLE (inc GST)</b>	<b>\$847,161</b>	<b>\$760,839,353</b>		

# Comparison of Insurance Renewal Costs 2018-2019 to 2019-2020

Class of Insurance	2018-19			2019-20			Variance in Premium	Comments
	Premium (incl GST)	Sum Insured	Excess	Premium (incl GST)	Sum Insured	Excess		
Casual Hirers Liability	\$0.00	\$10,000,000	\$500	\$0.00	\$10,000,000	\$500	\$0.00	Policy Scheme Funded
Pollution Legal Liability	\$0.00	Various	\$50,000	\$0.00	Various	\$50,000	\$0.00	Policy Scheme Funded
Contract Works	\$1,100.00	\$500,000	Various	\$2,429.68	\$500,000	Various	\$1,329.68	Increase in premium due to hardening market conditions and associated claims
Management Liability	\$23,012.00	\$8,000,000	Various	\$32,312.50	\$10,500,000	Various	\$9,300.50	Marginal rate increase of 3%. Majority of premium increase from Stat. Liability sum insured change
- Councilors & Officers Liability		\$5,000,000	\$5,000 organisation		\$5,000,000	\$5,000 organisation		
- Statutory Liability		\$2,000,000	\$2,500 organisation		\$3,500,000	\$2,500 organisation		Increase from \$2m to \$3.5m
- Employment Practices Liability		\$2,000,000	\$12,500 (per claim)		\$2,000,000	\$12,500 (per claim)		
- Cyber Extortion								
Fidelity Guarantee								
Crime	\$3,909.84	\$500,000	\$5,000	\$4,640.40	\$500,000	\$5,000	\$730.56	Social engineering from \$75k to \$150k
Business (Corporate) Practices Protection								
Marine Hull Commercial	\$260.04	\$15,760	\$350	\$283.18	\$15,760	\$350	\$23.14	Slight increase in premium
Motor Vehicle & Plant	\$69,434.53	\$6,142,692	\$500	\$75,216.30	\$6,049,263	\$500	\$5,781.77	Increase in premium due to claims experience
Personal Accident								
Corporate Travel	\$825.00	\$10,000,000	Various	\$825.00	\$10,000,000	Various	\$0.00	Rollover in premium
Marine Cargo	\$220.00	\$100,000	\$100	\$220.00	\$100,000	\$100	\$0.00	Rollover in premium
Journey Injury								
Property (LGIS Property Scheme)	\$213,737.84		Various	\$217,852.20	Various	Various	\$4,114.36	inc. in ISR sum insured. Marg. rate inc. of 1.9%
- Industrial Special Risk		\$171,922,455	\$5,000		\$175,448,118	\$5,000		
- Electronic Equipment Breakdown		\$200,000	\$250		\$200,000	\$250		
- Machinery Breakdown		\$200,000	\$100		\$200,000	\$100		
- Multi Risk/General Property Business Interruption		\$288,850	\$100		\$325,212	\$100		
Public Liability (LGIS Liability Scheme)	\$241,995.20	\$500,000,000	Various	\$241,995.20	\$500,000,000	Various	\$0.00	Rollover in rate
Workers Compensation (LGIS Workcare)	\$227,113.30	As per Act	N/A	\$263,769.08	As per Act	N/A	\$36,655.78	Slight increase to min/dep rate to 1.10%. Majority of contribution increase generated by payroll change
Personal Accident - Volunteers, Councilors	\$467.50	\$10,000,000	Various	\$467.50	\$10,000,000	Various	\$0.00	Rollover in Premium
Cyber Liability	\$7,150.00	\$2,000,000	\$5,000	\$7,150.00	\$2,000,000	\$5,000	\$0.00	Rollover in Premium - Co insured (Chubb 70% / Zurich 30%)
<b>TOTALS</b>	<b>\$789,225.25</b>	<b>\$755,849,757</b>		<b>\$847,161.04</b>	<b>\$760,839,353</b>		<b>\$57,935.79</b>	<b>Overall increase in premiums, \$4,989,596 increase in sum insured</b>

# Motor Vehicle Insurance 2012-2013 to 2019-2020

## Motor Vehicle

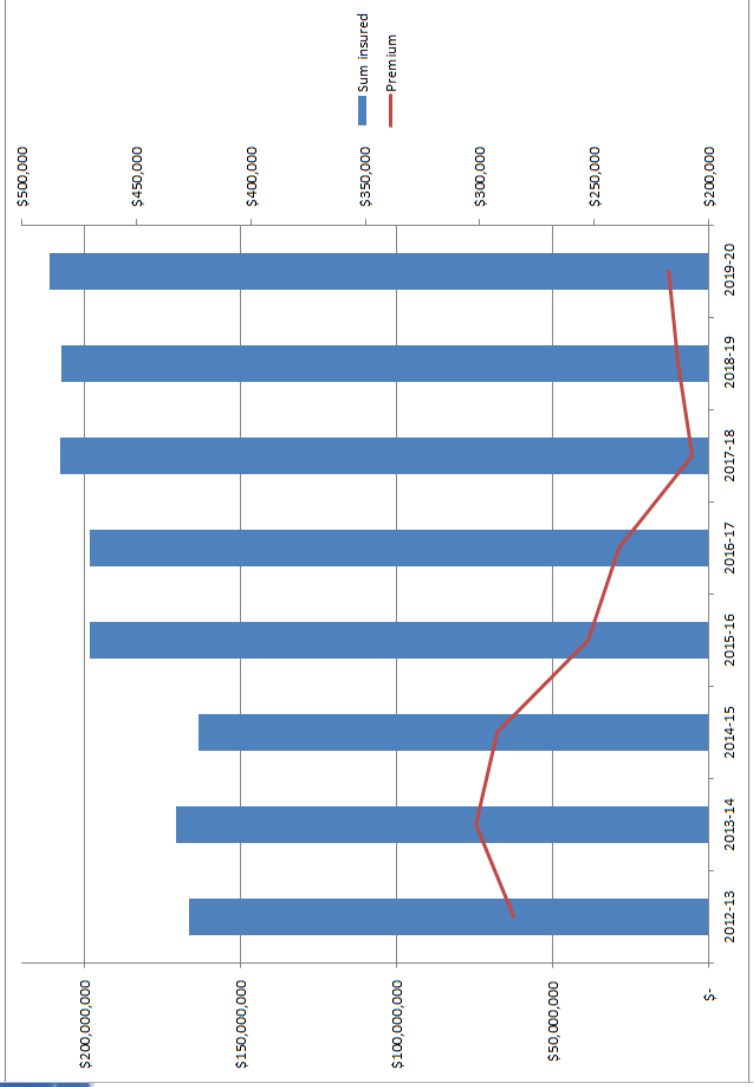
Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Sum insured	\$ 5,120,335	\$ 6,082,749	\$ 6,282,139	\$ 6,129,308	\$ 6,445,238	\$ 6,124,349	\$ 6,142,692	\$ 6,049,263
Premium	\$ 72,094	\$ 85,987	\$ 62,681	\$ 61,009	\$ 65,190	\$ 61,824	\$ 69,435	\$ 75,216



# Property Insurance 2012-2013 to 2019-2020

## Property

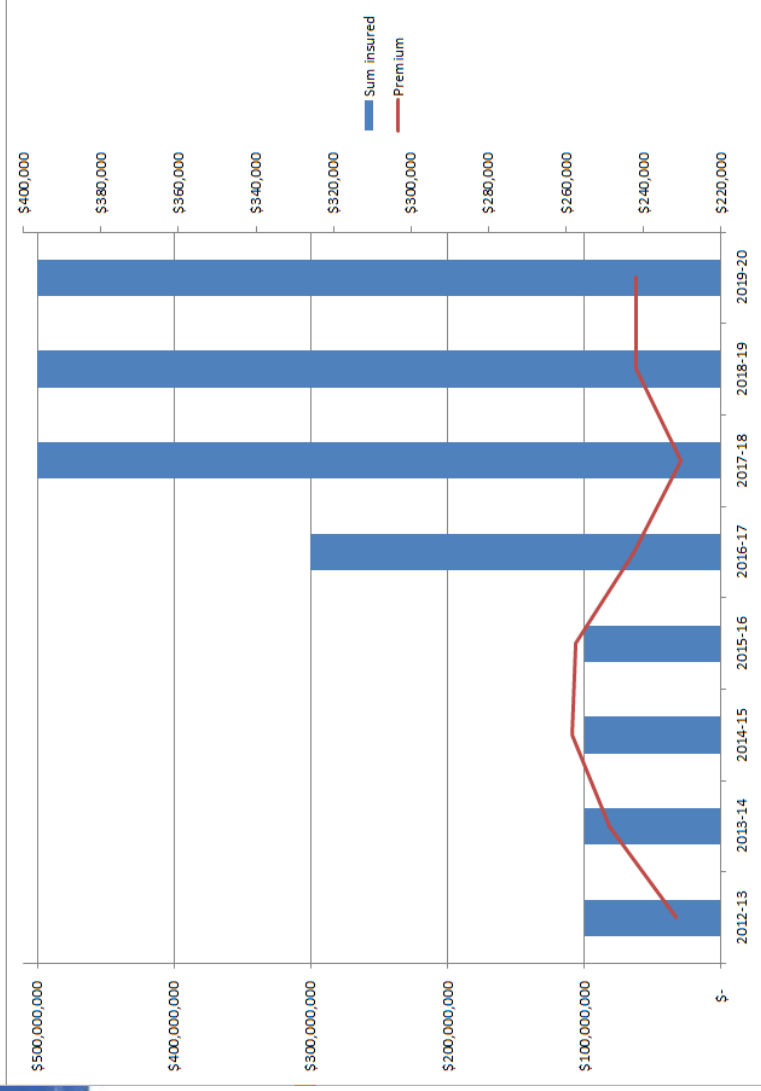
Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Sum insured	\$ 166,381,370	\$ 170,717,943	\$ 163,517,478	\$ 198,217,478	\$ 198,217,478	\$ 198,217,478	\$ 207,657,129	\$ 207,591,305
Premium	\$ 285,212	\$ 301,898	\$ 292,307	\$ 252,875	\$ 239,287	\$ 207,449	\$ 213,738	\$ 217,852



# Public Liability Insurance 2012-2013 to 2019-2020

## Public Liability

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Sum insured	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000	\$ 300,000,000	\$ 500,000,000	\$ 500,000,000	\$ 500,000,000
Premium	\$ 231,510	\$ 248,893	\$ 258,408	\$ 257,500	\$ 242,603	\$ 230,418	\$ 241,995	\$ 241,995





# Workers Compensation Insurance 2012-2013 to 2019-2020

## Workers Compensation

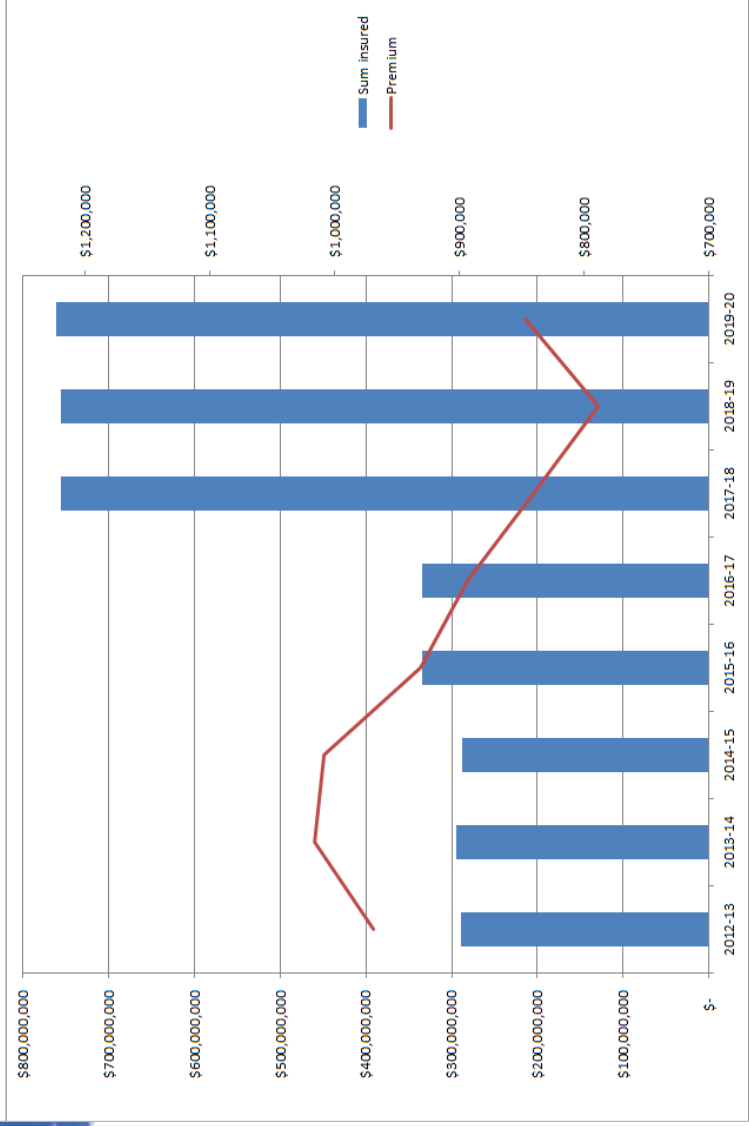
Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Payroll	\$ 19,356,000	\$ 19,244,719	\$ 20,159,153	\$ 18,960,791	\$ 18,198,344	\$ 19,343,125	\$ 19,663,490	\$ 21,799,099
Premium	\$ 340,666	\$ 338,707	\$ 354,801	\$ 333,710	\$ 320,291	\$ 308,523	\$ 227,113	\$ 263,769



# Total Insurance 2012-2013 to 2019-2020

## Total Insurance

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Sum insured	\$ 289,639,820	\$ 294,937,218	\$ 287,937,732	\$ 333,732,350	\$ 334,029,476	\$ 755,147,237	\$ 755,849,757	\$ 760,839,353
Premium	\$ 968,805	\$ 1,015,955	\$ 1,009,120	\$ 931,684	\$ 893,869	\$ 840,720	\$ 789,225	\$ 847,161



Risk Management



Australian  
**STANDARD**

# **Risk management—Guidelines**

AS ISO 31000:2018

ISO 31000:2018

TA11



# Risk Management

- Heat map

		Consequence				
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
Likelihood	Almost Certain 5 - 5	H 3 Risk(s)	E	E	E	E
	Likely 4 - 4	1 Risk(s)	1 Risk(s)	6 Risk(s)	E	E
	Possible 3 - 3	31 Risk(s)	84 Risk(s)	37 Risk(s)	2 Risk(s)	E
	Unlikely 2 - 2	26 Risk(s)	173 Risk(s)	149 Risk(s)	5 Risk(s)	E
	Rare 1 - 1	36 Risk(s)	171 Risk(s)	177 Risk(s)	54 Risk(s)	1 Risk(s)

# Risk Management

- Control efficacy

Risk Rating	Response (at time of risk identification)	# Risks (June 2017)	# Risks (April 2018)	# Risks (July 2018)	# Risks (May 2019)	Movement
Extreme	Immediate action required	2	2	2	2	
High	Senior management attention required	147	143	140	107	↓
Moderate	Specify management responsibility	367	371	376	411	↑
Low	No immediate action required / managed by routine procedures	335	341	359	437	↑

# Risk Management

- Top 10 risks

Rating	Risk Description
Extreme	Airport rates not legislated (part of lease agreement)
Extreme	Major legislative change (New Federal industrial relations legislation / Local Government reform)
High	Non-compliance with Local Government Act when levying rates
High	Structures constructed without approval from the City that do not comply with Australian standards or approved materials.
High	Trip hazards from roots and tree litter (such as fruit, nuts and seeds), causing personal injury
High	Damage to infrastructure such as fences, paving, footpaths, reticulation, crossovers etc. from tree roots
High	Limbs (branches) of varying sizes breaking off from trees and causing property damage
High	Injury sustained through manual handling
High	Inappropriate behaviour - Threats / assault to staff or members of the community. Drug related issues. Stealing. Vandalism. Unruly behaviour
High	Investigation as a result of submissions by the public on land acquisitions, impacting operational timeframes

# Risk Management

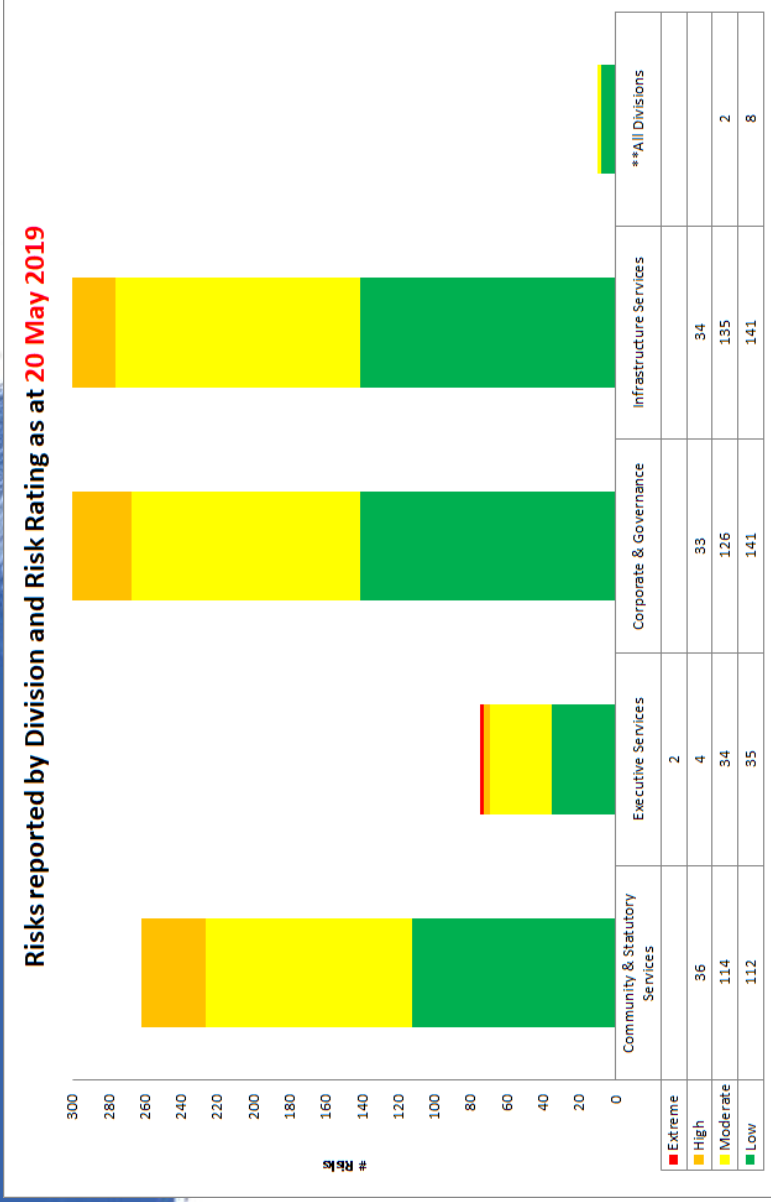
- Emerging risks

Increased incidence of fraud and corruption activity within local government

Cyber and data breach attacks increasing in frequency, complexity and severity

# Risk Management

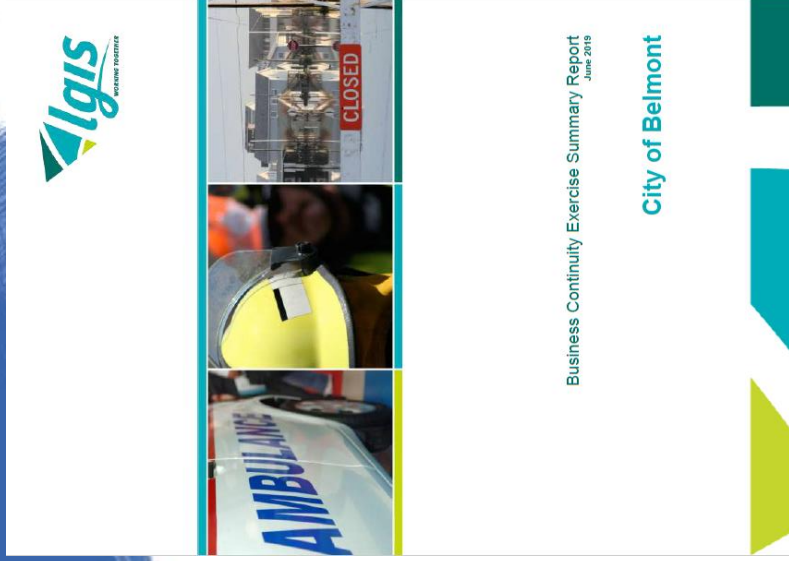
- Risk distribution by Division





# Business Continuity

- LGIS Integrated Service Plan – BCP Testing



Business Continuity Exercise Summary Report  
June 2016

City of Belmont

TA17



# Business Continuity

- LGIS Integrated Service Plan – BCP Testing



## Observations

Greg, Amy and Graeme demonstrated a clear understanding of the City's response to the scenario.

The relationship with Emergency Services and their authority of the situation was clear and understood and the point at which handover of control to and from Emergency Services would occur.

The Plans were continually referenced during the exercise to validate continuity response strategies.

The group demonstrated a clear understanding of their roles in continuing to provide services, even under the difficult circumstances caused by an incident.

Decisions and actions were recorded and scribes have been nominated. As have deputies. Activation was fluent and there appears to be a strong understanding of roles and responsibilities.

Communication appeared efficient and included involvement of all stakeholders. Councillor communication and staff contact appears fluent.

Decisions regarding staff and the loss of the administration building all appeared well assessed and appeared to be appropriate under the circumstances. The movement of personnel appeared smooth with a number of choices available to accommodate staff.

Decisions made were based on realistic factors and participants were not distracted by non-major injects.