

SPECIAL MEETING 24 JUNE 2015	3.2
---	------------

LGM ASSET INSURANCE

Darryl Crees: General Manager Corporate Services #457840

RECOMMENDATION:

That Council resolves to accept the offer from LGM Queensland to become a member of the LGM Asset Fund and delegates authority to the Chief Executive Officer under section 257 of the *Local Government Act 2009* to finalise all matters associated with this membership.

EXECUTIVE SUMMARY:

LGM Queensland has recently extended its self-insurance services to include a new fund, LGM Assets, which will further assist local governments with the management of its asset exposures. This new fund has been established under the trusteeship of the Local Government Association of Queensland (LGAQ) and an offer has been extended to Council to become a member of the LGM Asset Fund.

BACKGROUND:

As a financially responsible organisation Council has always maintained appropriate insurance coverage of its operations and assets which included, but are not limited to:

- Industrial Special Risks (building and other assets)
- Motor Vehicle
- Marine Hull

Insurance coverage has traditionally been arranged through insurance brokers to obtain the best level of cover, conditions and competitive pricing. An offer has now been received from LGM Queensland to become a member of its new LGM Asset insurance scheme.

COMMENT:

LGM Queensland has been operating for over 21 years and is owned on a mutual basis by its members under the trusteeship of the LGAQ. Services provided to date have been:

- Queensland Local Government Mutual Liability Pool which offers public liability/professional indemnity insurance; and
- Local Government Workcare which offers a workers' compensation scheme.

These two schemes have been operating successfully for a number of years and in light of this success, LGM Queensland now has an opportunity to extend their knowledge and experience to further assist local government with the management of its asset exposures.

Accordingly the LGM Assets Fund has been created which will provide cover across all classes of a member's asset exposures, including:

- Industrial Special Risks (Property Protection);
- Comprehensive Motor Vehicle;
- Equipment and Machinery Breakdown;
- Marine; and
- Personal Accident and Corporate Travel

The advent of LGM Assets means that LGM Queensland is now a true one stop shop for all of Queensland Local Government's risk and coverage needs. Becoming a member of LGM Assets, Council will have access to LGM Queensland's professional staff to assist with claims management, risk management, asset management and valuation (insurance purposes), and management of insurance documentation.

Additionally, LGM Queensland has offered Council membership to LGM Assets for the 2015/16 financial year which provide the same coverage and insurance premium cost that Council obtained in 2014/15 less the insurance brokerage cost of \$12,000.

From the establishment of LGM Queensland, all those years ago, member councils have received many benefits over and above the initial insurance needs first contemplated. These include, the buying power of the mutual fund of councils, surplus distribution of pool funds to member councils made possible through operational arrangements of group self-insurance and direct access to local government specific liability risk management advice and materials. It is anticipated that similar type benefits will be gained through membership of the LGM Asset Fund.

PROPOSAL:

That Council resolves to take up the offer from LGM Queensland and become a member of the LGM Asset Fund.

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE:

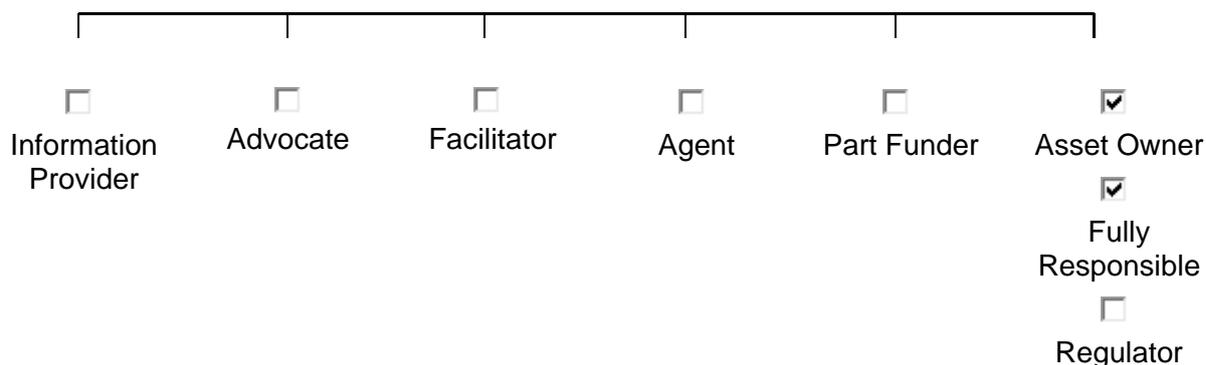
This report has been prepared under goal 5.1.1 of Council's Corporate Plan 2014 – 2019 which states:

Establish and develop long term financial, resource and infrastructure planning to ensure ongoing capacity to fund operations and capital works program.

COUNCIL'S ROLE:

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:



Asset Owner:	Meeting the responsibilities associated with owning or being the custodian of assets such as infrastructure.
---------------------	--

Fully Responsible:	Funding the full cost of a program or activity.
---------------------------	---

FINANCIAL/RESOURCE IMPLICATIONS:

Adequate funds have been allocated in Council's 2015/16 annual budget to meet the cost of the proposed insurance arrangements.

RISK MANAGEMENT IMPLICATIONS:

LGAQ as the trustee of LGM Queensland has obtained legal advice which confirms, consistent with Council's existing LGM Queensland Membership arrangements, that there is no need for Councils to comply with the default contracting provisions detailed in the *Local Government Regulation 2012* before becoming a member of LGM Assets or renewing their membership.