



**statewide
mutual.**

MEASURING RISK MATURITY

— From An Insurance Mutual Perspective

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Statewide Mutual



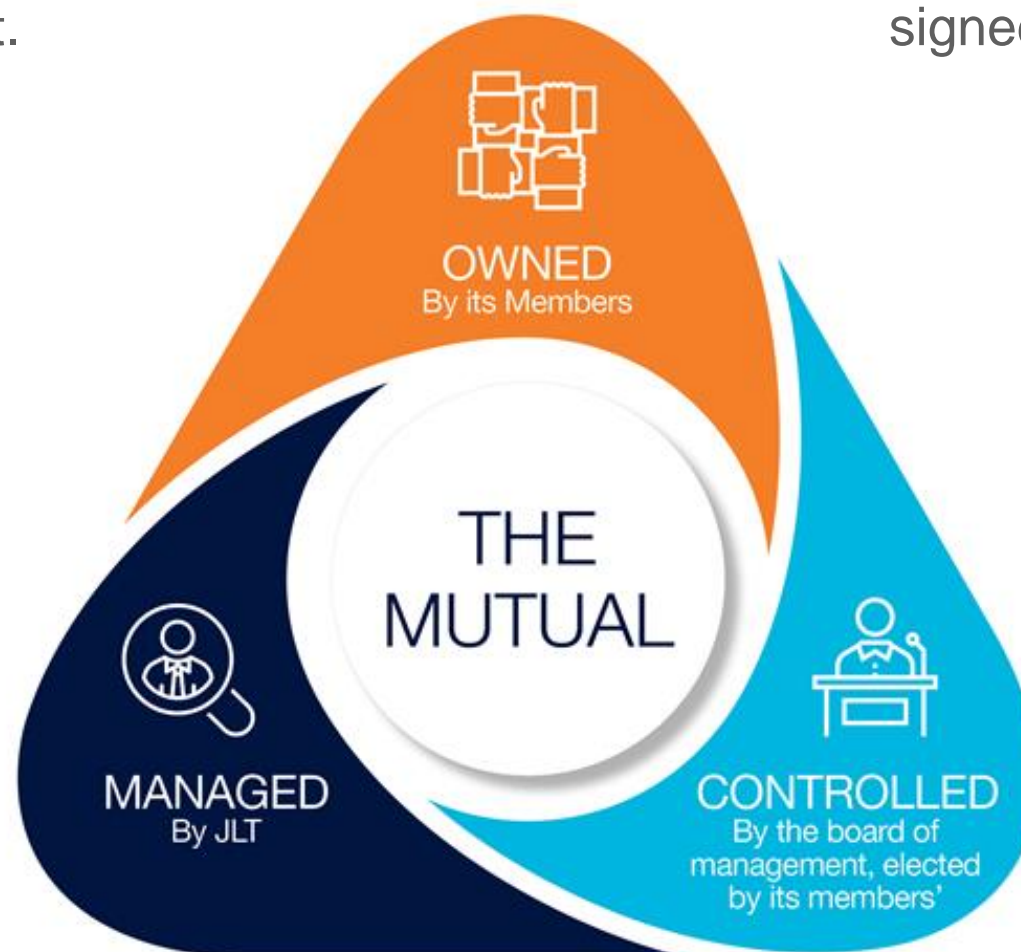
SUMMARY OF PRESENTATION TOPICS

- What is Statewide Mutual
 - Benefits of the mutual
 - Soft v Hard Market
- Statewide Mutual Risk Program
 - Benefits to the mutual
- CIP – Self Assessment
 - Benefits of CIP to Council
 - Strategy behind program
 - Topics covered to date
 - Results/Learning
- Moving forward

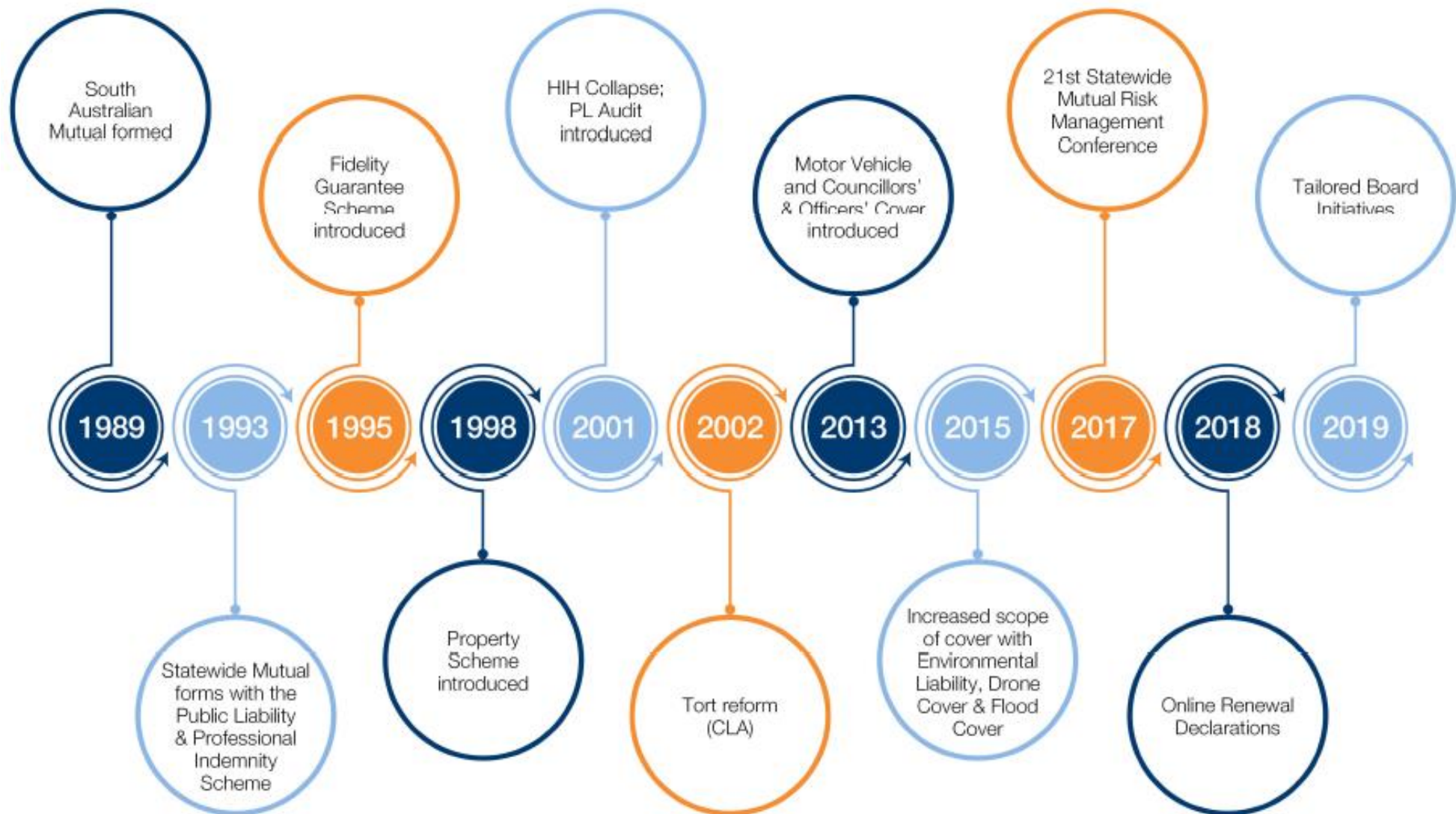


WHAT IS STATEWIDE MUTUAL?

- Statewide Mutual is a discretionary trust.
- Governed by a trust deed signed by members.



STATEWIDE MUTUAL HISTORY



BENEFITS OF MUTUALS



Accumulate
Surplus



Profits Back To
Members



Industry Focus



Bulk Purchasing



Look To Pay Claims

MARKET CYCLES



STATEWIDE MUTUAL

OUR MISSION



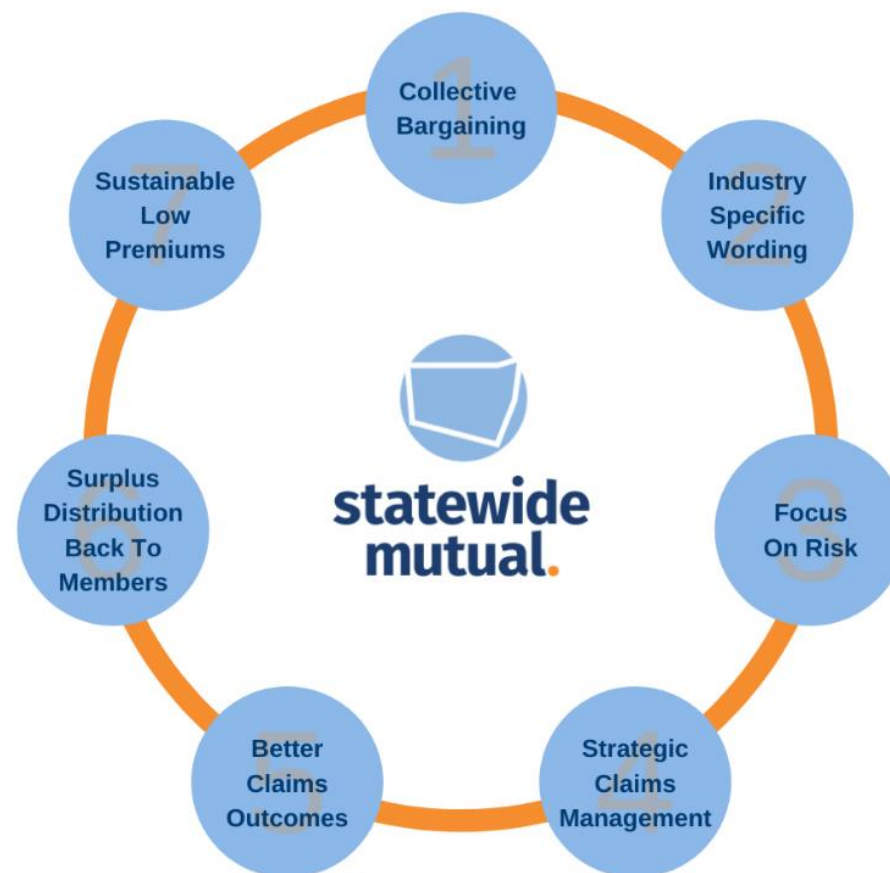
Stability, Strength, Integrity

To apply innovative practices to the management of Local Government insurance to ensure the protection of Member through stable premiums, cost containment and spread of risk.

The Deed

Section 2.1.1 Each Member agrees with JLT to enter this deed for the purpose of:

- (d) Promoting good risk management practices to minimise the occurrence and effect of Claims.



THE RISK PROGRAM

KEY COMPONENTS

- **CIP workbooks – self-assessment**
- Regional Risk Managers
- Board funded initiatives (currently 16)
- Risk Groups and Conference
- Newsletters
- Member Centre - Resources (BPM/GN/videos/RMEA)



- Access to partners: AVCRM/ AFM/ Zurich/ Chubb / Mills Oakley (Mock Trials)

- ❑ **Business Continuity Management (BCM) Training & Business Continuity Plan (BCP) Scenario-Based Exercise**
- ❑ **Business Impact Analysis (BIA)**
- ❑ **Training of Emergency Planning Committee (EPC)**
- ❑ Climate change assessment (CCA) Workshop
- ❑ Contractor Management Risk Awareness and Procedure Review
- ❑ **Enterprise Risk Management (ERM) – Foundations Program**
- ❑ **Risk Appetite Development**
- ❑ **ERM Maturity Review**
- ❑ Fraud Online Survey & Awareness Training
- ❑ Fraud Control Framework Review (FCFR)
- ❑ **Scenario Analysis & Limit Validation**
- ❑ **Asset Insurance Index Review**
- ❑ Governance Framework Training
- ❑ Officer Due Diligence Workshop and Assessment
- ❑ Environmental Risk Assessment Workshop
- ❑ Chain of Responsibility

THE RISK PROGRAM

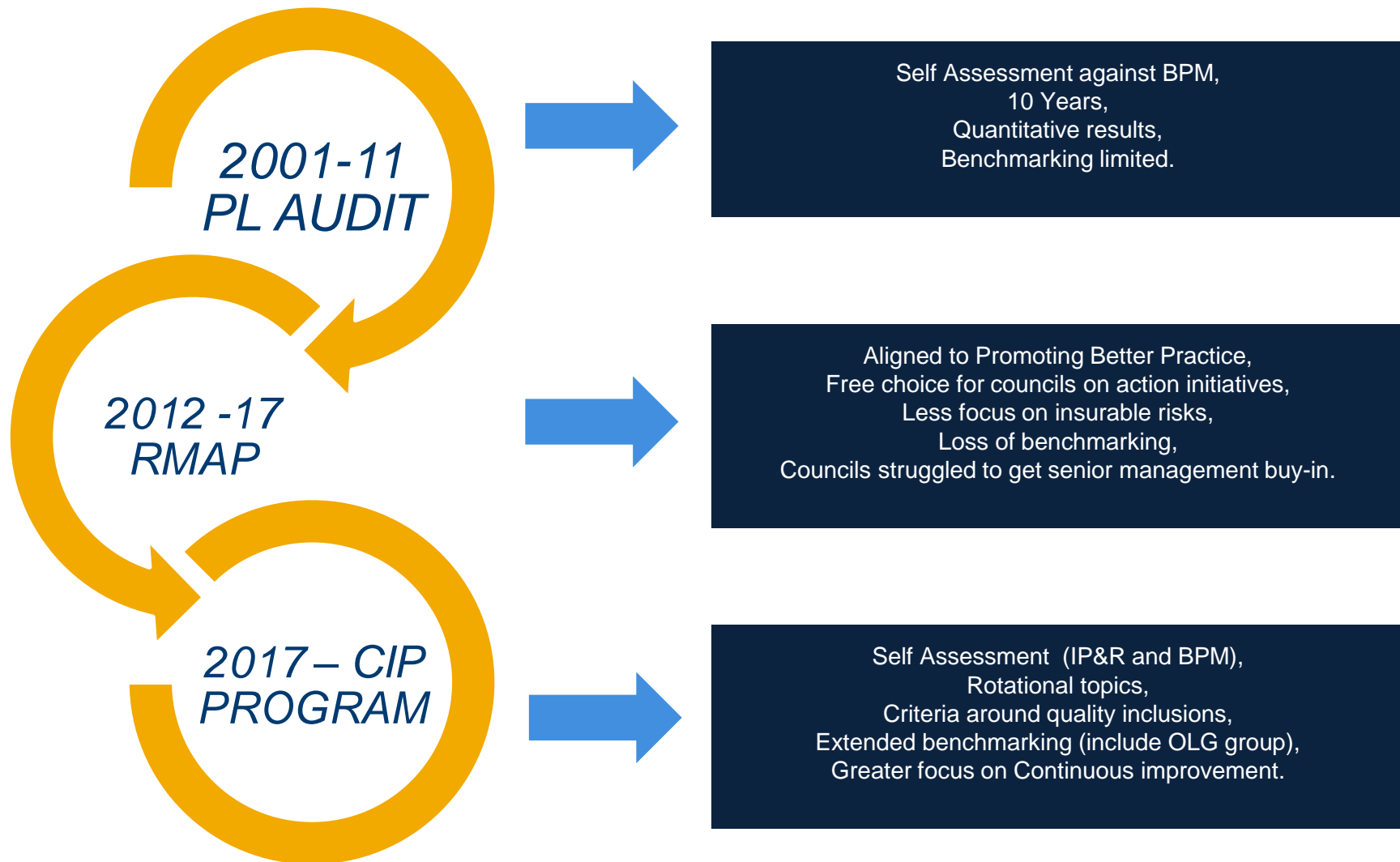
BENEFITS FOR STATEWIDE MUTUAL

Supports Renewal

- Key component of overall risk program.
- Well supported by members.
- Demonstrates proactive management of risk.
- Instils confidence in the underwriters.
- Assists the scheme deliver sustainable premiums to members.
- Makes local government sector more attractive to cover.



THE RISK PROGRAM EVOLUTION



THE RISK PROGRAM – SELF-ASSESSMENT

UNDERSTANDING THE CIP

- Self-Assessment.
- Does not impact on premium calculation.
- Benchmark against a set of key criteria to test councils systems.
- Final benchmarking report provided which identifies strengths and weaknesses.
- Use results to determine appropriate actions and realistic timeframes.
- 9 months to complete (due 31 March 2021).



THE RISK PROGRAM – SELF-ASSESSMENT

BENEFITS TO COUNCIL

Continuous Improvement

- Regular review of high risk activities of council;
 - Times change.
 - Responsible officers change.
 - Community expectations evolve.
 - Knowledge and experiences change.
- Assist in developing a business case for system or documentation update, additional resources etc.



THE RISK PROGRAM – SELF-ASSESSMENT BENEFITS TO COUNCIL

Supports Audit Program

- CIP fits into overall audit program.
- CIP provides action log (Councils will need to assign and track).
- Aligns with IP&R.
- Provides evidence to elected council members, ARIC and other key stakeholder of a commitment to risk management.
- Meets requirements under new OLG Risk Management and Internal Audit Framework.



ARIC's 'audit' role includes:

how the [council's/joint organisation's] risk management approach impacts on the [council's/joint organisation's] insurance arrangements.

The ARIC's 'improvement' role includes:

Act as a forum for communication and monitoring of any audits conducted by external bodies and the implementation of corrective actions (for example, NSW government agencies, Commonwealth government agencies, insurance bodies).

THE RISK PROGRAM – SELF-ASSESSMENT BENEFITS TO COUNCIL

Other Benefits

- Provides council with the opportunity to align resources and service delivery.
- Lower, sustainable premiums.
- Any discretionary rebates received can be reinvested into risk improvement.
- Provides record for continuity and educating both new and existing staff on the status of an asset or business activity.

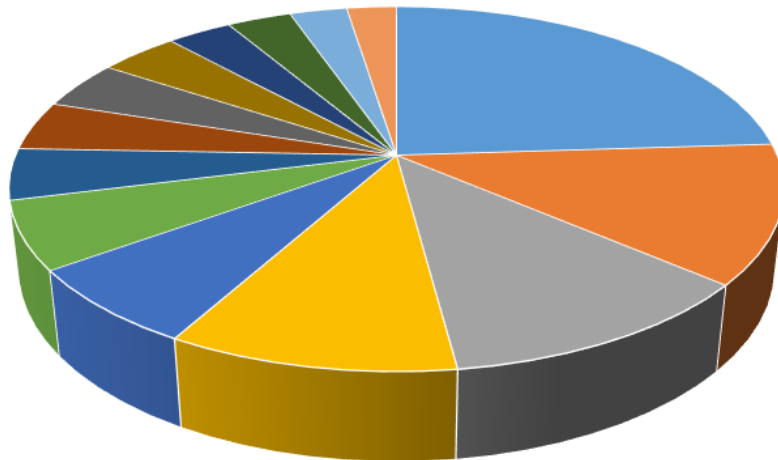


THE RISK PROGRAM – SELF-ASSESSMENT

CLAIMS DATA USED TO IDENTIFY HIGH RISK AREAS

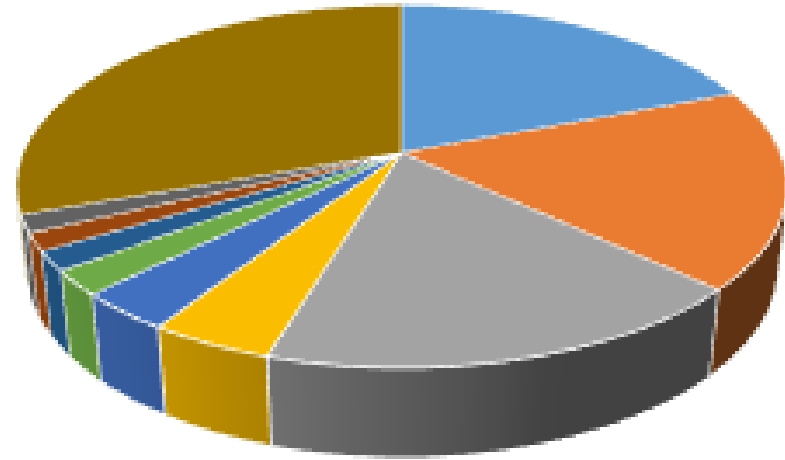


Claims by Cause %



- Uneven Surface - 23%
- Road Surface/Potholes - 11%
- Maintenance/Repairs - 7%
- Storm & Tempest - 4%
- Slippery Surface - 4%
- Failure to Supervise - 3%
- Other- 3%
- Tree Roots - 12%
- Tree Branch/Debris - 10%
- Planning/Building Approvals - 6%
- Flooding/Storm/Water - 4%
- Reckless/Criminal Third Party - 4%
- Vandalism/Malicious Damage - 3%
- Burglary - 2%

Location of claims %



- Road - Sealed - 19%
- Footpath - Concrete - 17%
- Commercial/Retail Building - 3%
- Car Park - 2%
- Footpath - Brick/Paved - 2%
- Private/Residential Building - 18%
- Private Property - 4%
- Parks & Gardens (Cultivated) - 2%
- Aquatic Centre/Swimming Pool - 2%
- Other - 30+%

Liability and Property Claims data only

THE RISK PROGRAM – SELF-ASSESSMENT

TOPICS COVERED TO DATE



2017-2018

Footpaths

Signs as Remote Supervision

Stormwater Management

Trees

2019-2020

Sporting Facilities

Contractor Management

Risk Culture

Information Security

2018-2019

Roads

Bitumen Resurfacing

Playgrounds

Swimming Pools

2020-2021

Building Assets*

Footpaths**

Event Management

Motor Vehicles***

THE RISK PROGRAM

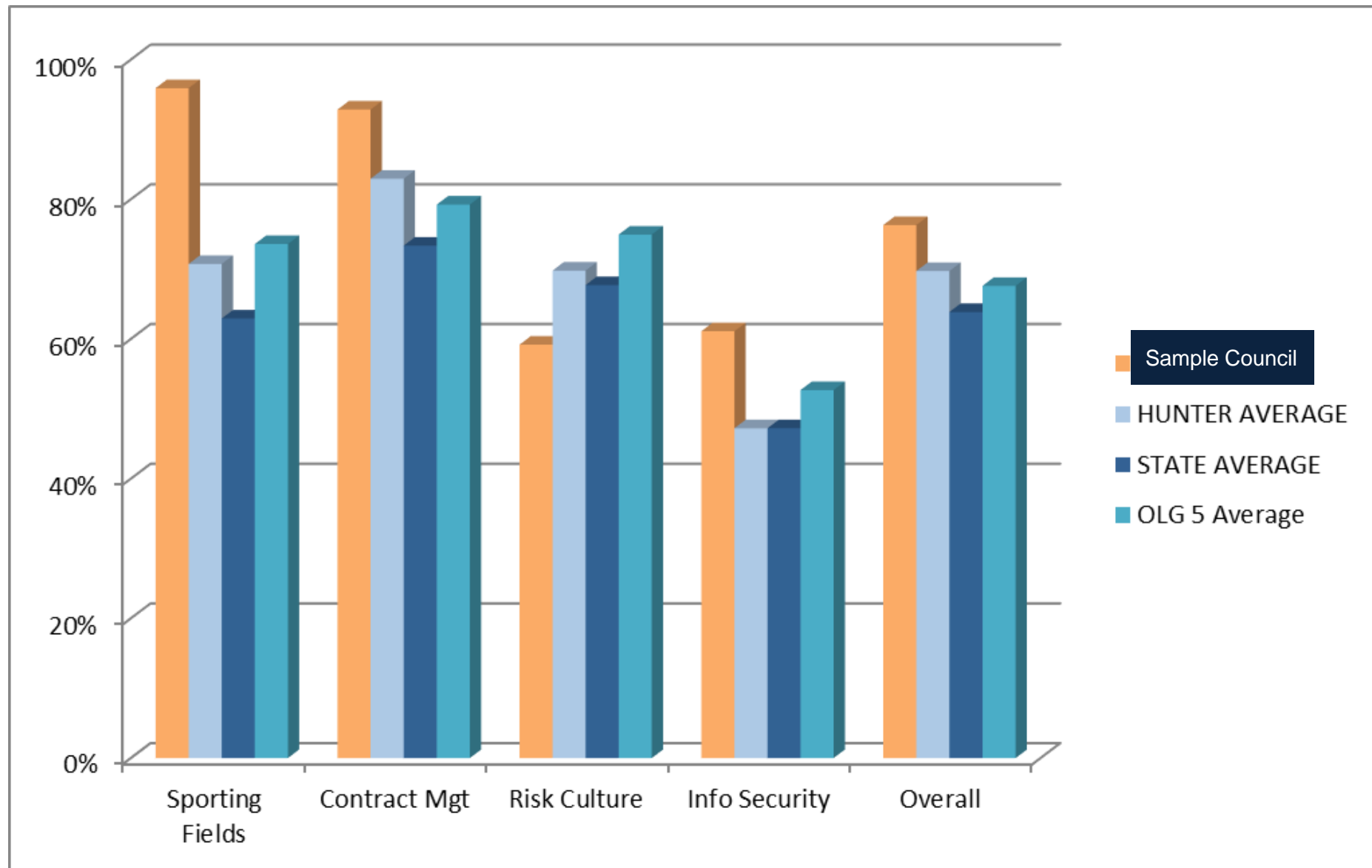
CONTINUOUS IMPROVEMENTS TO WORKBOOKS

- The workbooks have been subject to continuous improvement.
- Inclusion of Action Log.
- Greater emphasis placed on evidence to support response.
- Greater focus on audit style approach to self-assessment.
- Risk based approach to identification and development of new workbooks.

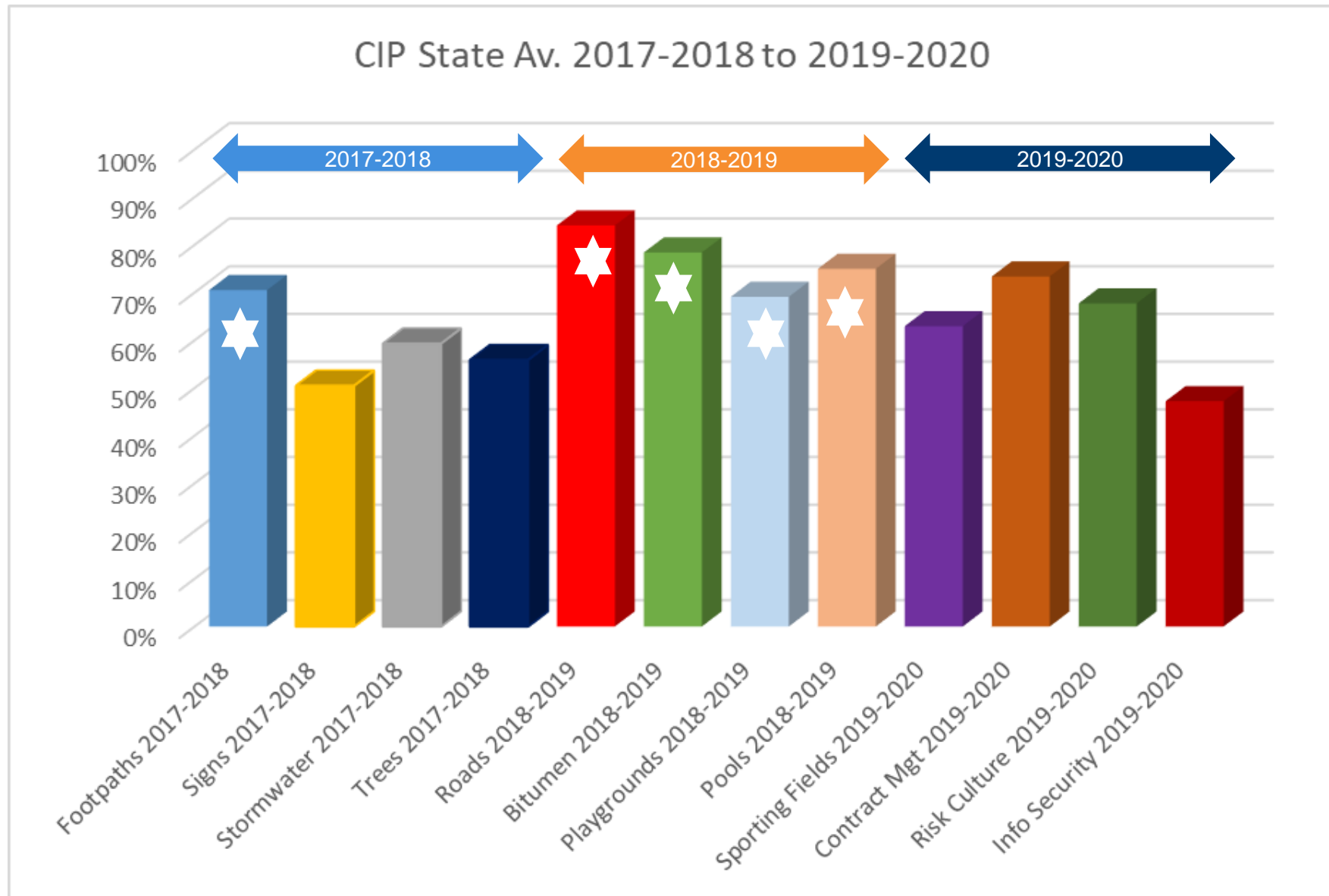
Policy / Management Plan	
Council's Policy / Management Plan or similar document for managing Footpaths	Comments/Evidence
Has been adopted or endorsed by the Senior Management or Council.	In developing the Asset Management Plan they are presented at a number of committees including the Delivery Program Review Committee, IPR Steering Committee and Asset Steering Committee which includes the Executive Leadership Team as members. As this document is part of the Integrated Planning and Reporting requirements under the Local Government Act it is then presented for adoption by Council as well.
Is linked to Council's Strategic Objectives.	The Asset Management Plan has been integrated into Council Corporate Plans and is clearly identified through Council's Delivery Program and Operational Plan.
Addresses the requirements of Sections 42, 43 and 45 of the Civil Liability Act 2002.	QMPOL-AMS-002 - Asset Management Strategy QMPR-ERM-002 Commercial Insurance Claims Process QMF-AMS-009 - Commercial Insurance Enquiry - Asset Inspection/Investigation
Identifies relevant legislative or other requirements.	0-041 - Asset Management Policy (p. 7)
Addresses the financial and other resources available to manage Council's footpath network.	0-041 - Asset Management Policy (p. 43-49) Long Term Financial Plan Workforce Management Plan Council's Delivery Program and Annual Operational Plan states both resources and financials required for managing footpaths

ACTION LOG							
Answer	Asset	Element	Criteria	Council agree Yes or No	Allocated Responsible Officer	Action required	Due Date
No	Building Assets	Documentation	Ensures records are filed or archived in a manner that facilitates timely retrieval if they are required as part of an investigation, or in defence of a claim.				

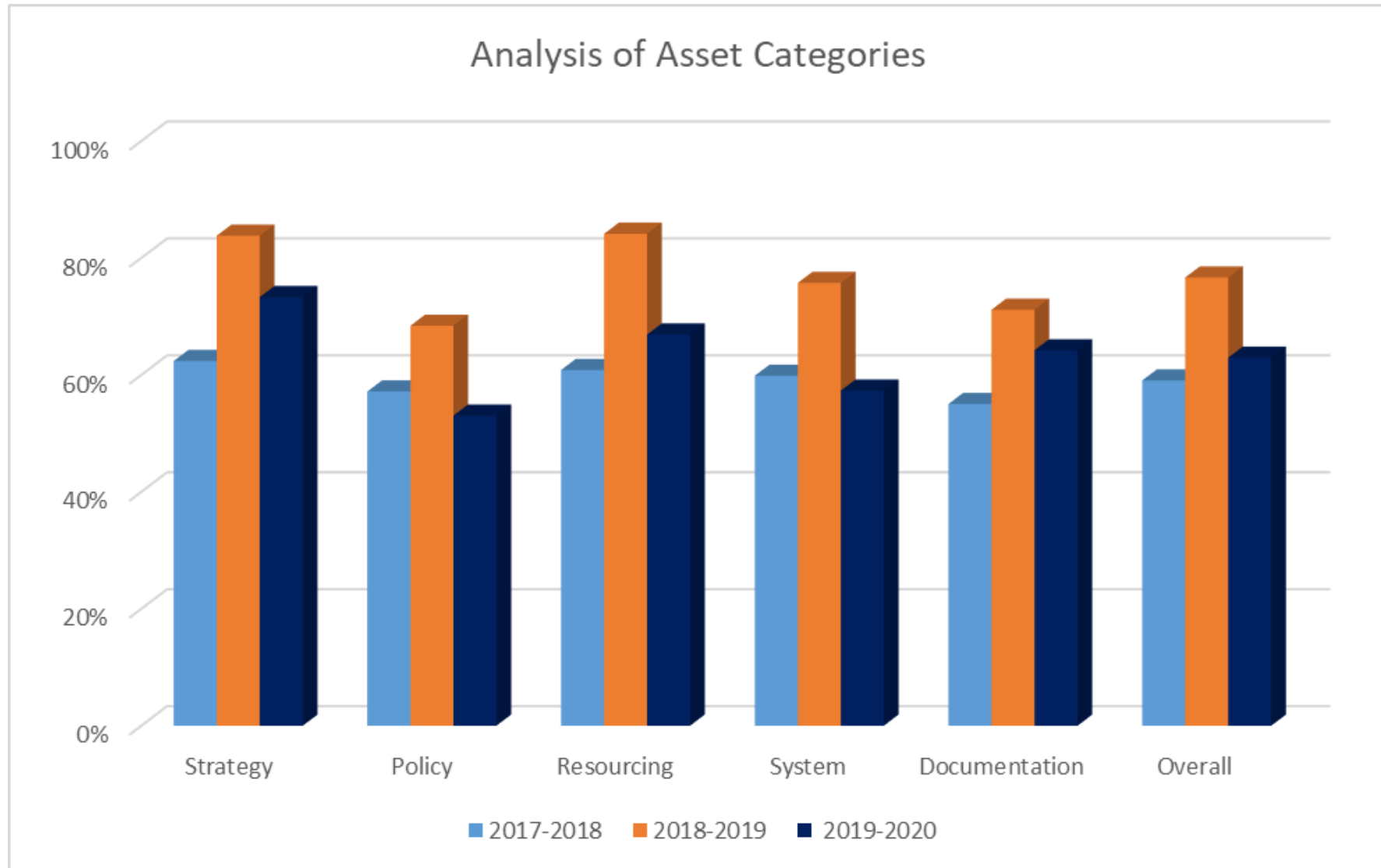
THE RISK PROGRAM – SELF-ASSESSMENT BENCHMARKING RESULTS



THE RISK PROGRAM RESULTS AND TRENDS



THE RISK PROGRAM RESULTS AND TRENDS



THE RISK PROGRAM

RESULTS AND TRENDS



- Analysis of responses across the state and across various categories revealed the worst response for all asset categories was:

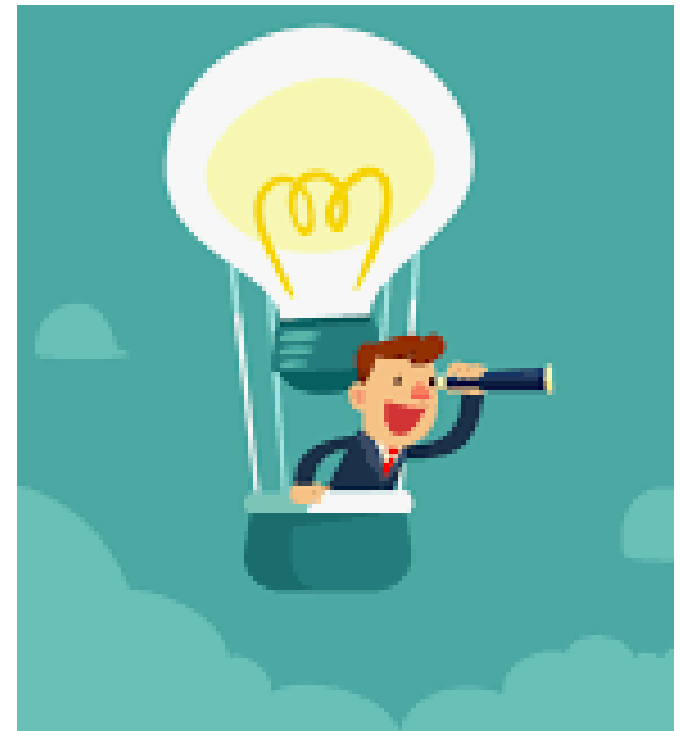
Identifies audit procedures for implementation of policy/plan.

This represents a failure to monitor and close the loop.

THE RISK PROGRAM

OPPORTUNITIES

- Maintain enthusiasm for participation – continuous improvement.
- Engage asset/activity owners – what's in it for them!! - peace of mind.
- Aim for consistent responses – justified and supported)
- Align against/consider claims history – effectiveness.
- Ensure agreed actions are assigned and tracked.
- Align with audit program (forward plan).



LOCAL GOVERNMENT UNDERWRITER CONCERNS



Bushfire



Floods



Cladding



Cyber



Childcare



Aged Care



Waste Facilities



Recycling

THE RISK PROGRAM

WHERE TO FROM HERE

- Look at developing a 3-5 year CIP forward plan.
- Monitor, review and consider development of additional workbooks to address hot topics.
- Additional analysis and identification of weak trends.
- Transformation into the digital age





THANK YOU