



Hawkesbury City Council

attachment to item 28

Attachment 1

Ltr 15/12/06 from UIP to DLG Manager
Legal Services

Attachment 2

Ltr 22/11/06 from Westpool to the Minister
for Local Government

Attachment 3

October 2006 - Submission - Strategic
Alliance Issues

Attachment 4

Strategic Alliance Success Story

date of meeting: 13 February 2007

location: council chambers

time: 5:00 p.m.

**AT - 1 Ltr 15/12/06 from UIP to DLG
Manager Legal Services**

Councils of Blacktown ♦ Blue Mountains ♦ Fairfield ♦ Hawkesbury ♦ Liverpool ♦
Parramatta ♦ Penrith ♦ Auburn ♦ Hunters Hill ♦ Lane Cove ♦ Marrickville ♦ Botany Bay
♦ Holroyd ♦ Rockdale



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15 December 2006

Manager Legal Services
Ms Alice Leslie
Department of Local Government
Locked Bag 3015
NOWRA NSW 2541

Dear Alice

Formation of United Independent Pools

I refer to our previous telephone conversations and now provide additional background information for the organisations Westpool, Metro Pool and United Independent Pools.

I have also attached a document addressing the issues raised in the Department of Local Government Circular 06/56.

Background

Westpool and Metro Pool were both set up prior to the Local Government Act 1993 and they are excellent examples of Local Government strategic partnerships. Both organisations provide a variety of insurance and risk management services via a corporate structure that encourages participation and commitment from each of the members.

The two organisations are legally bound by Deeds of Agreement and a Memorandum of Cover determines how claims are paid within the self insured retention. Copies have been provided for your information.

United Independent Pools (UIP) is to be an umbrella organisation which will co-ordinate a variety of services for both Westpool and Metro Pool and enable the fourteen councils to work together on projects which are of mutual benefit. The first product the fourteen councils have collaborated on is the Property Pool. This was established in 2005 and has been set up in a similar fashion to Westpool and Metro Pool. UIP has its own Deed of Agreement signed by the fourteen councils and governance structure which ensures participation and transparent communication. A copy of the Deed of Agreement is attached as well as a report on the financial performance for 2005/06.

In regards to the UIP organisation it is proposed that agreements with service providers will be established under the banner of UIP. This is a far more efficient way of operating considering the services are provided to all fourteen members and it allows greater opportunity for the two Pools to work together on risk management projects and products.

UIP effectively facilitates and manages the member services and provides a flexible structure for members to choose a variety of products. In addition UIP is the vehicle to enable the members to work together collectively without compromising the existing benefits and ownership that may exist within Westpool and Metro Pool.

A diagram outlining the operations of UIP is below:-



The objective of UIP is to provide a range of quality risk management services to its members.

These shall include but not be limited to:-

- Claims management
- Brokerage
- Actuarial
- Legal
- Training
- Risk management

- Loss control
- Accreditation, benchmarking and audit
- Pool administration
- Legal services

The provisions of these services are to be provided in the most cost-effective and efficient way via either in-house staff, or contracting out on a performance-based service agreement.

Key Principles of UIP

1. UIP is to provide these services via a flexible structure that enables members to choose products that suit their needs.
2. Members' involvement and ownership in the Pool should be maintained through participation in the structure and ongoing management of the Pool.
3. Services provided to the Pool should be market-tested on a regular basis and performance-based.
4. Operation of the Pool is founded on the principle that it is a mutual which relies on the equal participation of members, mutual respect and sharing in the operations and risks of the Mutual.

Delivery of Insurance Products

Members' financial risks can be protected in a variety of ways. At present the provision of insurance products are delivered via the following structures:

Metro Pool & Westpool	Two metropolitan pools consisting of seven (7) councils each and providing PL/PI, CD&O cover with varying self-insured retentions. Both provide a variety of bulk-purchase minor insurances.
Property Pool	A property pool consisting of fourteen (14) members and providing coverage for all physical assets and consequential losses. The Pool provides separate self-insured cover for fidelity guarantee losses.
Super Pooling	UIP should have the potential to provide self-insured retentions for members above layers currently provided by Westpool, Metro Pool or Property Pool. This will provide an additional layer of self-insured retention before we purchase insurance.
Bulk-purchased Insurance	UIP acts as a vehicle to obtain bulk-purchase insurance using the collective buying power of its members, eg. motor vehicle.
Traditional Insurance	Members can use the bulk buying power to obtain insurance for layers above our current self-insured retention.

Associate Membership

Councils that choose not to participate in the self-insured services provided by Westpool or Metro Pool can apply for associate membership of UIP. They can participate in the variety of other services provided by UIP and benefit from the bulk-purchase arrangements above the Pool self-insured layers. This service will be on a fee for service basis.

New Membership & New Pools

New members can choose to join as either a new pool, a single associate member, or as a member of either Westpool or Metro Pool. The key is flexibility and if new members only choose to participate in the Property Pool, they should be encouraged to do so. The choice is theirs and UIP should be able to accommodate a variety of needs.

Further details and information regarding UIP and its operations are contained on our website, www.unitedindependentpools.org.

Conclusion

In conclusion Westpool and Metro Pool have operated successfully since 1988 and continue to provide excellent risk management solutions. The fourteen councils can see there are advantages and opportunities to take on other services and this is best done collectively under the banner of UIP.

In addition the members recognise that other councils may wish to participate in this strategic alliance and UIP allows the flexibility for them to do so either as a member of an existing Pool, a completely new Pool or a single associate member.

The principle objective is quality risk management solutions for Local Government which are managed and controlled by the members through a strategic partnership.

The fourteen participating councils of United Independent Pools seek the Minister's consent in accordance with section 358 of the Local Government act to the formation of UIP and the endorsement of the existing strategic alliances, Westpool and Metro Pool.

I would be happy to attend a meeting at your office to discuss this further and if you require any further information, please contact me on (02) 4732 7917.

Yours faithfully



Andrew Armitstead
Executive Officer
Westpool/Metro Pool

**AT - 2 Ltr 22/11/06 from Westpool to the
Minister for Local Government**

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22 November 2006

The Hon. Kerry Hickey, MP
Minister for Local Government
Level 32 Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister

Delegation by Members of Westpool and Metro Pool

Thank you for the opportunity to meet with our delegation on Monday, 4 December 2006 at 10.00am to discuss a range of issues affecting the operations of our Local Government insurance mutuals.

Westpool and Metro Pool have been operating for over 15 years and they are excellent examples of local councils working in a strategic alliance. A copy of Westpool's most recent annual report is attached which will provide some insight into the extent of our operations and their success. Both Pools provide a range of quality risk management services in a single business cluster. There are fourteen (14) member councils working together and we represent 10% of Australia's population. The members have found that this strategic alliance has enabled them to deliver quality risk management services whilst maintaining some stability and certainty in an otherwise volatile insurance market.

Westpool and Metro Pool are constantly looking to increase the range of risk management products whilst ensuring a quality service is delivered in an efficient way.

In this regard our Pools are seeking the Minister's support to resolve a number of issues which impinge on our organisation effectiveness.

Attached is a copy of our submission and the key issues we wish to address are as follows:

- Outline the operations of our new organisation, United Independent Pools, and seek the Minister's approval in accordance with S358 of the Local Government Act.
- Discuss the issue of joint venture tendering and how the current provisions inhibit such initiatives.
- Outline Westpool's objectives to establish a 'one stop' risk management shop and explain how Westpool is investigating options to better meet members workers compensation needs.

A small delegation has been nominated to represent our fourteen (14) member councils and they include:-

- Councillor Ross Fowler of Penrith City Council and Westpool Chairman
- Councillor Sue Hoopmann of Hunters Hill Council and Metro Pool Chairman
- Mr Alan Travers, General Manager of Penrith City Council and Westpool Board member
- Mr Barry Smith, General Manager of Hunters Hill Council and Metro Pool Convenor
- Mr Andrew Armitstead, Executive Officer of Westpool, Metro Pool and United Independent Pools

Each of these representatives have had many years of involvement and commitment to both Westpool and Metro Pool. They will outline the benefits their Council has received from the Pool(s) and how the proposed changes outlined in the submission will improve efficiency and ensure the Pools continue to grow in strength and services.

We look forward to the opportunity to meet with you and if you require any further information, please contact Andrew Armitstead at (02) 4732 7917 or email westpool@penrithcity.nsw.gov.au.

Yours faithfully



Andrew Armitstead
Executive Officer

**AT - 3 October 2006 - Submission -
Strategic Alliance Issues**



Strategic Alliance Issues

Submission from Westpool, Metro Pool and United Independent Pools

October 2006

Westpool and Metro Pool are both excellent examples of Local Government strategic alliances established to address risk management and insurance issues for their member councils. Both insurance pools consist of seven members and they have been operating successfully since 1988.

Westpool consists of the following Western Sydney councils:

- Blacktown City Council
- Blue Mountains City Council
- Fairfield City Council
- Hawkesbury City Council
- Liverpool City Council
- Parramatta City Council
- Penrith City Council

While the Metro Pool members include the following metropolitan councils:

- Auburn Council
- Hunters Hill Council
- Lane Cove Council
- Marrickville Council
- City of Botany Bay Council
- Holroyd City Council
- Rockdale City Council

The Pools were created as a matter of necessity in 1988 due to a lack of insurers prepared to cover local government risk as well as spiralling insurance costs.

The Pools are based on a model developed in America where there is a wide range of successful local government insurance mutuals.

Westpool and Metro Pool aim to provide a wide range of cost effective insurance solutions while encouraging a greater commitment to risk management practices.

Some of the achievements of our Pools in recent years include but are not limited to:-

- Provision of public liability/professional indemnity insurance up to a \$100million limit
- Bulk purchased motor vehicle insurance
- Pool funded general insurance policies
- Training and professional development program
- Comprehensive property insurance and asset valuation service

Some of the benefits the members have gained through their commitment to the Pools include:-

- A greater understanding of the insurance market
- Protection from the cyclical nature of the market
- Growing equity in the Pool funds
- Development of joint risk management strategies and policies
- Reduced insurance costs
- Greater emphasis on proactive claims management and corrective action

The close association of members within both Pools has bound these councils together and has had far reaching benefits beyond merely risk management issues.

The structure of the Pools encourages commitment and ownership from all members through representation on our Board, Management, Risk Management, Finance and Property Committees.

The variety of risk products is an excellent example of councils using their collective buying power to develop cost effective products and demonstrates the benefits of business and clusters.

The Boards determine the long-term strategy and policies of the Pool while the Management Committee develops risk management actions and manages the claims. The Finance Committee reviews financial performance and recommends equitable formulas for the calculation of annual contributions and distribution of pool surplus.

Members meet regularly to ensure the smooth running of the Pool and its performance is reviewed annually through the Pool actuary and auditor.

The services are provided with the support of a range of service providers including a claims management team, brokers, auditor, actuary and a panel of solicitors. These service providers are market tested on a regular basis and bound by service agreements.

A small administrative support team consisting of an Executive Officer and assistant administers the Pools.

Westpool and Metro Pool were established as discretionary mutuals respectively since 1988 and 1992 and we consider they remain the best examples of successful joint partnerships in NSW Local Government today.

In 2005 Westpool and Metro Pool joined forces to create a combined property pool, known as United Independent Pools, to cover all insurable assets. In keeping with the principle of business clusters the members recognised that there would be other opportunities to join forces and they wanted to create a flexible structure to accommodate this and provide the benefits to other like-minded councils.

To achieve this, United Independent Pools was established which will provide a range of common services and facilitate projects that benefit all members. One of the key objectives of United Independent Pools is to provide a mechanism for other councils to participate in the benefits described above as an associate member without the necessity to join either Westpool or Metro Pool.

How Can the Department Assist?

Westpool and Metro Pool were established as discretionary mutuals prior to 1993 and are bound by Deeds of Agreement signed by all members. There is no intention to change their successful formula and it is intended that they continue unchanged and continue to provide excellent risk management services.

United Independent Pools is a new entity which will help Westpool and Metro Pool to expand its range of pooled services and facilitate a greater focus on strategic alliances. Furthermore, it will enable other councils to benefit from the risk management and insurance products developed by the two pools providing competition and choice within the local government industry.

Our members seek your endorsement of the existing organisations Westpool and Metro Pool and more importantly your approval of United Independent Pools in accordance with section 358 of the Local Government Act.

We look forward to meeting with you to discuss this matter further and outline how these successful alliances have benefited our members.

In addition to this important issue we would like to discuss two other matters where we are seeking amendments to existing legislation to reduce red tape, improve efficiency of our organisations and enable an expansion of our services.

Refinements to Local Government Tendering Procedures to Encourage the Provision of Services Under a Strategic Alliance

Members of both pools are concerned that certain provisions relating to acceptance of tenders within the Local Government Act currently present difficulties for joint ventures and could be improved.

In particular Section 55(3) lists the contracts which are exempt from the tender provisions.

Each year local councils renew their insurance contracts and in many cases these are beyond \$150,000. There does not appear to be an exemption for insurance and it would be impractical for the tendering provisions to apply, as most insurance is purchased overseas from a limited market and requires, in most cases, a broker to assist in the renewal.

Westpool and Metro Pool has taken every effort to comply with the provisions of the Local Government Act by tendering for brokerage services on a 3 to 5 year basis. However, the annual purchase of insurance does not follow the provisions as the international market is not set up to accommodate the time required to hold a proper tender process.

Instead the appointed broker is engaged to approach the market on behalf of the client and negotiates the best premium.

As such, we request that the Government consider including the purchase of insurances as one of the types of contracts listed in Section 55(3) which do not have to comply with the tendering provisions.

Our pools have a second issue they would like the Government to address in relation to joint ventures and/or mutuals.

To run an organisation such as ours it is essential that an appropriate organisational structure is established and any service providers are regularly market tested.

Each pool has a number of participative committees and a board of directors that delegate authority and establish policies on behalf of the pool.

Each board is made up of two representatives from each member council and their authority is outlined in a Deed of Agreement signed by each council.

In such cases where a service is to be reviewed like the appointment of a broker then the current tender provisions apply. Each member council delegates authority to the board of Westpool and Metro Pool to run the tender on behalf of the members, however, the final decision is made by each of the councils.

This is a logistics nightmare as a report is prepared, sent to 14 councils and they all have to agree with the final decision before an appointment is made.

This is onerous enough for our organisations but it must be impossible for the other major Local Government insurance pool, Statewide, which has over 130 members. The need to refer the matter back to each council involved is an obstacle to a regional approach to tendering, where there is a joint association of councils.

To resolve this difficulty we request that the Government consider including a provision which addresses this issue.

Our pools would like to suggest an additional provision 55(8).

“In the case of Local Government Insurance Mutuals a council may delegate to the board or to a joint committee of the organisation the authority to undertake and approve a tender on behalf of the council as long as the tender process is carried out in accordance with all relevant provision of the Local Government Act and regulations relating to tenders.”

This would ensure due process and greater efficiency whilst ensuring that members have an equal say in the final decision.

Westpool and Metro Pool seek your consideration of these amendments of the tendering provisions.

Provision of Workers Compensation Services to United Independent Pools' Members

Finally, Westpool members are presently investigating extending its services to incorporate workers compensation. Westpool recognizes that workers compensation is a key element of risk management and therefore such a move would be a natural progression of our activities. We have already had discussions with the Minister of Industrial Relations, and we intend to have further discussions with key staff in his department to determine what options are available for Westpool members in this regard. Although this is not an area for which the Minister has direct responsibility, Westpool is seeking your support in principle as it would result in considerable benefits for our members and reinforce the principles of strategic alliances.

Members of both Westpool and Metro Pool look forward to an opportunity to discuss these matters further and outline how they will improve the effectiveness of our strategic alliances.

AT - 4 Strategic Alliance Success Story



HISTORY OF WESTPOOL, METRO POOL AND UNITED INDEPENDENT POOLS

A Local Government Strategic Alliance Success Story

What is Local Government Insurance Pooling?

Westpool and Metro Pool are not insurance companies or agencies, rather they are self insurance Pools, owned and operated entirely by participating Members. The Pools function solely for the benefit of Members.

The Pools provide a range of insurance programmes and services for its Members.

- Each existing Pool has a Board of Directors and associated structures designed to provide for ongoing and effective decision making. The Pools have a joint Executive Officer and administrative support services.
- **Westpool** Membership is the councils of Blacktown, Blue Mountains, Fairfield, Hawkesbury, Liverpool, Parramatta and Penrith.
- **Metro Pool** Membership is the councils of Auburn, Botany Bay, Holroyd, Hunters Hill, Lane Cove, Marrickville and Rockdale.

The Pools provide a level of independence to Members not elsewhere available. The Pool exercises the option each year of self insuring for its 'primary' layer OR buying insurance, depending on the condition of the market.

Each Pool has its own Deed of Agreement and By Laws, which legally cover the day to day operations of the Pools.

Both Pools utilise the services provided by the **United Independent Pools** organisation.

History of Pooling

Westpool, along with Metro Pool is an excellent example of Local Government working together to effectively manage risk for their Member Councils.

In the late 1980's one of the most unpredictable expenses for Councils in New South Wales was public liability and professional indemnity insurance. The insurance industry was withdrawing support from the Local Government market. Insurance premiums were escalating, the available market contracting and leaving Councils with limited opportunities for adequately protecting ratepayers interests.

In a time when balancing budgets was difficult enough Councils were being subjected to the vagaries of the insurance market. Many Local Government entities discovered that by pooling their insurance resources and exercising real control over their risks, they could achieve significant cost savings and longer term budget stability for their ratepayers.

Pooling commenced in NSW in approximately 1988 as a result of an extremely hard insurance market in 1987. Some Councils may recall that in December, 1987 insurance for Local Government was very difficult to obtain due to the fact that a major player, Municipal Mutual Insurance, that had previously provided insurance to Local Government withdrew from the market.

Some Councils were unable to obtain terms at this time and several Councils banded together pooling their insurance premiums with the intention of covering any public liability losses.

Representatives from these Councils visited America to investigate the concept of insurance pooling and together with a broking partner introduced the American model of insurance pooling to Australia.

Westpool and Metro Pool Established

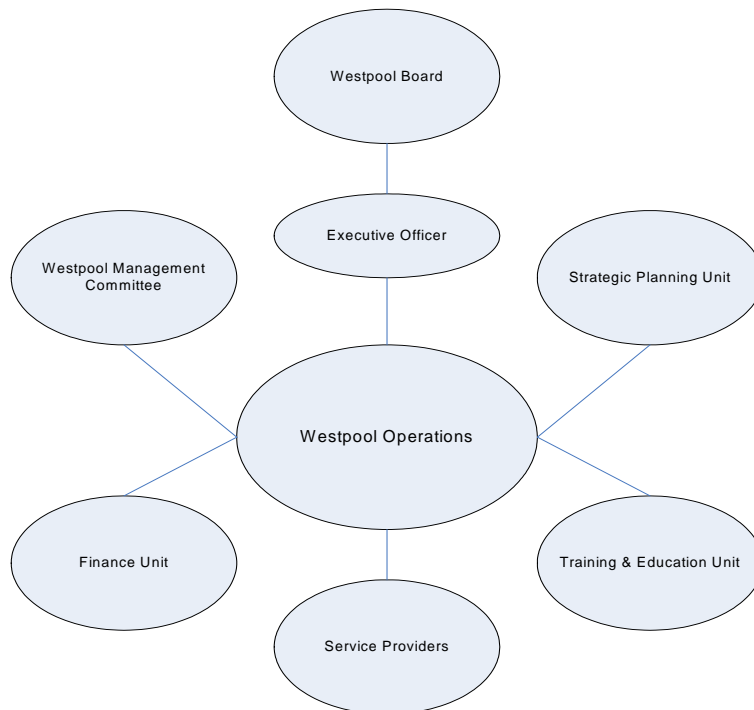
Westpool was a foundation Pool and Metro Pool was established several years later. Initially the Pools were created to cover public liability and professional indemnity insurance. Over the years these services have increased and the Pools now provide a range of services including an Industrial Special Risk (property pool) cover and bulk insurances for other lines of insurance including Motor Vehicle and Directors and Officers.

The Pool has introduced a flexible re-insurance program and has been prepared to vary its deductible levels and self insured retention in accordance with the market. The Pool has also developed an extensive risk management and training program, which is organized in house, however uses the skills of external consultants as required.

Governance Structure of the Pools

The management structure of the Pools provides equal representation for the Member Councils. The Board of Directors consists of a Councillor and Executive representative from each Council whilst the Risk Management Committees involve each Risk Manager. In addition the Pools provide opportunities for other levels of the organisation to become involved through the Finance Sub Committee, Strategic Planning Group and other sub committees as necessary.

Figure 1. Westpool Administrative Structure



Training is available to all Pool Member employees free of cost. Apart from the educational benefits these sessions provide, it also presents opportunities for sharing information across Councils and building close working relationships.

Because the Board and Management Committee all have Local Government experience they understand how their Council operates and consequently are responsive to the changing needs of the community.

The Pool is supported by a small but efficient administrative team including an Executive Officer and Personal Assistant. The successful operation of the Pool relies heavily on a good working relationship with our key service providers including brokers, Willis Australia Ltd and the claims management team, Claims Management Australasia.

Pool Members can use legal services from a panel of Solicitors who have expertise in the area of public liability and insurance law. The Pools also have a single Actuary and Auditor as well as a panel of Investigators. All of these service providers are market tested on a regular basis and regular reviews are carried out to ensure excellent service.

Enterprise Risk Management Philosophy

The Pools expect a certain standard from each of their Members to ensure that claims are handled well and a risk management philosophy is reinforced throughout the Council. Each of the Members are encouraged to implement a risk assessment program throughout their organisation, which includes regular inspections of their facilities and infrastructure as well as an annual maintenance program.

The Pool Members believe in continual improvement and enterprise risk management. An accreditation program has been introduced which analyses the Members performance and suggests improvements for the future.

All Risk Managers attend a monthly claims management meeting where progress of claims and risk management strategies are discussed. Lessons learnt from these meetings are implemented at the Member Council and shared between the two Pools. On occasions the Pools obtain independent risk management advice to undertake specific risk management projects.

During the life of the Pools, Member Councils have benefited from the creation of an extensive range of policies and procedures. The Pools have also developed a range of standards to help the Councils in managing their risks and several manuals have been prepared to address specific issues.

A designated training unit was established to develop an ongoing training program for the benefit of all Pool Members and this holds a range of seminars, workshops, courses and conferences to deal with current risk management issues.

Finally, the increase in the Councils deductible level has also had the effect of driving risk management throughout the Members and encouraging greater emphasis on loss prevention within the Councils.

Members Attitude to Claims

The Risk Managers at each of the Councils take a hands-on approach for the management of claims. They work closely with the Fund Manager and the Solicitors in defence of the claim and are very involved with the gathering of evidence and consideration of witnesses. Each of the Risk Managers are encouraged to attend the Court Hearings so that they can assist the Solicitors in running the case.

If the Risk Managers believe that Council has been negligent in some way every effort is made to resolve the claim quickly through settling the matter. If it is believed that Council has acted in a reasonable fashion a claim will be defended vigorously. The Members of the Pool have developed a relationship with the Underwriter of confidence in the handling of insurance claims and the Underwriter has granted delegated authority to the Pools to manage their own claims. If the Members recognise that the matter is best handled by reaching a commercial settlement then this action is taken.

Financial Strategy

All claims and incidents are logged on the Pools' claims management system. Each year the actuary estimates the total exposure of claims and allows for future claims growth. The Pools then fund the full cost of all estimated claims and allows for a 20% prudential margin.

Westpool and Metro Pool are both fully funded and enjoy a combined surplus of \$7million.

Any additional surplus is held as equity and recorded in the member's name according to their respective contribution proportion.

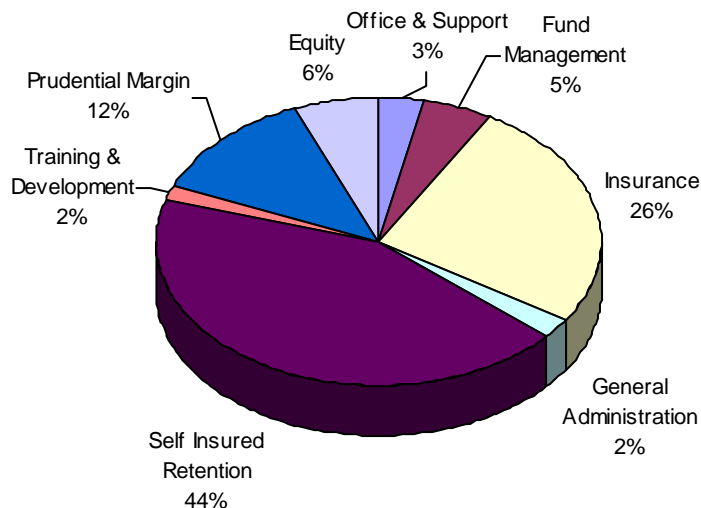
Member council contributions are based on several factors:

1. 50% claims history
2. 25% rate revenue
3. 25% operating expenses

Five years' claims data is taken into consideration and large claims are capped in an effort to share the risk.

The Pools have a Memorandum of Cover agreement that outlines how claims should be paid within the self insured retention.

Figure 2. Westpool Funding



Services

Westpool and Metro Pool have a wide range of insurance products and this has recently been enhanced by the joint products offered by United Independent Pools. The services supported by a strong risk management philosophy and a comprehensive training program.

The following insurance products are currently available from the Pools.

Westpool

Public Liability & Professional Indemnity Cover

- A choice of excesses ranging from \$25,000 to \$100,000 each & every claim
- A self insured retention of up to \$1M each & every loss with annual aggregate loss limits.
- Catastrophe programme – up to \$100M

Councillors, Directors & Officers Cover

- Excess of \$5,000 each & every claim
- Limit of cover \$2,250,000 and \$2million reinstatement

Semi Volunteer Cover (covers caretaking, cleaning, child minding, craft displays, entertainment & the like)

- Excess of \$250 each & every claim
- \$10M any one occurrence (public liability)

Corporate Travel

- Cover for staff and councillors whilst on conferences both interstate and overseas

Personal Accident

- Cover for councillors and volunteers when injured during council business

Metro Pool

Public Liability & Professional Indemnity Cover

- A choice of excesses ranging from \$25,000 to \$100,000 each & every claim
- A self insured retention of up to \$500K each & every loss with annual aggregate loss limits.
- Catastrophe programme – up to \$100M

Councillors, Directors & Officers Cover

- Excess of \$5,000 each & every claim
- Limit of cover \$2,250,000 and \$2million reinstatement

Semi Volunteer Cover (covers caretaking, cleaning, child minding, craft displays, entertainment & the like)

- Excess of \$250 each & every claim
- \$10M any one occurrence (public liability)

Casual Hirers Cover

- Cover for casual hirers of council halls and facilities

Corporate Travel

- Cover for staff and councillors whilst on conferences both interstate and overseas

Personal Accident

- Cover for councillors and volunteers when injured during council business

United Independent Pools

Industrial Special Risk (Property) Cover

- Extensive cover for all properties owned by Council
- A variety of excesses from \$5,000 to \$20,000
- A self insured retention of \$200,000 aggregate cover held by the Pool
- Insurance cover beyond the aggregate layer
- Pool-funded valuation service for all properties

Fidelity Guarantee Insurance

- Extensive cover for business fraud and electronic theft
- Low excesses for members

Comprehensive Motor Vehicle – Bulk Purchase

- Westpool provides for a bulk purchase of comprehensive motor vehicle insurance with different excesses for individual Members

What is United Independent Pools?

UIP is an incorporated organisation initially formed by Westpool and Metro Pool.

UIP was created to provide a central co-ordinated range of risk management functions with the aims of:-

- Reducing insurance costs through bulk purchase of insurance
- Centralise duplicated functions and obtain economies of scale and improved efficiency
- Provide a focal point for the promotion and marketing of Pools
- Provide a forum for exchange of information, ideas and resources for the benefit of Members

UIP also welcomes individual Councils to join as Associate Members and gain access to a range of services and benefits, which are available to all Members.

UIP represents Westpool and Metro Pool but on the basis that each Pool maintains its own independence of operations.

The functions and responsibilities of UIP are delegated to it by each of the Pools.

UIP is a flexible organisation, formed with the objective of assisting Members in implementing risk management solutions within their organisation and encouraging the growth of independent and council controlled insurance Pools.

As an incorporated body, UIP operates under the provisions of the Incorporations Act. It has its own set of regulations by which it operates. The organisation is controlled by a Board, which is made up of representatives from each Member Pool. It has its own administrative support and is funded by its Members.

United Independent Pools is an umbrella organization that can provide a variety of quality risk management services to interest local government members. The Pool is wholly owned and ran by the members.

Figure 3



United Independent Pools provides the Members with the following services:-

- Claims management service
- Legal defence of claims
- Brokerage of Cover
- Loss prevention training
- Risk management manuals
- Special seminars on topical issues
- Interactive website with regular newsletters and legal updates
- Consultation and advice
- Regular claims progress review
- Funding assistance to attend RMA Seminars & Conferences
- Monthly financial report on pool status
- Management Plan review
- Extensive Professional Development & Training Program

The Members of UIP have a service agreement with Claims Management Australasia (CMA) to provide claims management and Willis Australia Ltd for brokerage services.

Some Further Facts about Pooling

A single catastrophic loss in any 'self insured' year will not affect the Pools reserves since the Pools insure excess layers with established underwriters.

A council's risk management performance has an impact on its annual contribution because claims experience forms part of the formula. This introduces the concept of 'accountability' to Pool Member; a concept that is a considerable advantage over the long term.

The Pool's budget preparation is the result of a very detailed actuarial assessment of the Pool's performance since commencement and projected into the next financial year.

The Pools are subject to an independent financial audit annually.

The Pools provide independence and protection from inevitable market fluctuations – the Pools will self insure during 'hard markets' and buy insurance during soft markets.

The Pools are council owned and council managed. Membership of the Pools requires a strong commitment to risk management and investment in the Pool structure.

For further details on services contact Andrew Armitstead on (02) 4732 7917.