

EX107. ACTUARIAL VALUATION OF THE INSURANCE FUND AND STATUS OF MUNICIPAL MUTUAL INSURANCE (MMI)

The Executive considered a report by the Director of Corporate and Housing Services providing an update on the triennial actuarial valuation of the Insurance Fund and the current position in respect of Municipal Mutual Insurance (MMI).

The triennial actuarial valuation of the Insurance Fund had been undertaken by Milliman LLP. The Fund was found to be broadly healthy with a surplus of £0.6m. However, Milliman did not recommend the release of funds despite the surplus due to the uncertainty facing the Fund.

The valuation set Services' contribution at £1.29m. The budgeted annual provision was £1.21m. It was proposed that the shortfall of £0.08m was provided by the Fund surplus.

An update was also provided in regard to the agreed 'solvent run off' arrangement which had been put in place following MMI entering into administration. MMI's administrators, Ernst & Young, established a levy payment of 15% on all costs paid to date on the Council's behalf by MMI. Council had agreed a levy rate of 30% in recognition that 15% was insufficient and that a second levy was likely. MMI advised in January 2016 that the range of the second levy would be between 15 and 34% with the exact figure known in April 2016. It was recognised that the current MMI provision would require an additional £0.09m and that it could be met from the surplus in the Insurance Fund.

The Executive:-

- (1) agreed the use of the Insurance Fund surplus to fund the shortfall in revenue contributions of £0.08m;**
- (2) agreed the use of the Insurance Fund surplus to fund the shortfall in the Municipal Mutual Insurance (MMI) provision of £0.09m; and**
- (3) noted that the MMI provision would need to be increased and that this will be funded from the Insurance Fund.**