



Why LGIS?



WORKING TOGETHER

Providing a remedy when the traditional insurance market failed

LGIS was established in the early 1990's in response to widespread dissatisfaction amongst local governments across WA with the traditional insurance market. At this time local governments had difficulties in obtaining continuing cover in key insurance classes. Where cover was available, local governments were being penalised with large, unmanageable and unbudgeted increases in the cost of cover.

The WA Local Government Sector established its own, sustainable solution for local governments in the format of an industry based self-insurance Scheme, entirely owned and controlled by its participating WA Local Government members.



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Why LGIS?

Western Australian Local Governments working together in an industry based self-insurance scheme have greater strength and security because...

1. Members' costs reduce by working together to mutually share the cost of risk.
2. There is appropriate protection for risk exposures to cover local governments' legal liabilities and protect people and assets against loss and damage.
3. Risk management programs and services are available to benefit the entire sector over the long term.
4. There are worker benefit programs at a scale that individual local governments cannot provide.
5. Profits get reinvested into the WA Local Government Sector and distributed to member local governments as opposed to company shareholders.
6. An operating structure exists that supports positive, stable financial results.
7. There is active participation by members of the LGIS Scheme on the Scheme's Board.
8. Claims are managed by a local team of specialists who know local government.
9. LGIS continues to identify opportunities and expands into additional areas of coverage to meet the needs of members.
10. A coordinated approach is taken to risk management, claims management and injury management that is holistic and seamless.



Since the establishment of LGIS, we have managed over 23,000 WA Local Government liability claims, 27,000 workers compensation claims, 7000 property claims, and paid over \$473 million in claims costs in these classes.



Delivering certainty through an industry based member self-insurance scheme

Mature industry groups such as local governments benefit from self-insurance schemes because their risk profile is complex and delivers a degree of claims intensity. Examples include high severity losses such as cyclone and bushfire damage, and the time it takes to settle a civil liability, professional liability, or a workers compensation claim.

The LGIS self-insurance Scheme harnesses the collective buying power of all WA Local Governments. By pooling together local government benefits from economies of scale as they mutually share the cost of risk and gain an abundance of member benefits.

Local governments across WA combine their resources to self-insure their property, civil liability exposures, bushfire volunteer personal accident, workers compensation, and bulk purchase external insurance for excess coverage, and for risks not covered by the LGIS Scheme.

The LGIS model reduces the impact of volatility from claims or peaks and troughs driven by cyclical hard and soft traditional insurance cycles. Providing members with stability for the total cost of risk at a competitive level over the long-term, with low deductibles and capital reserves which insulate against any sudden or dramatic withdrawal in the insurance or reinsurance market. This provides WA Local Governments with certainty about having the right cover at fair and sustainable costs.

The LGIS competitive advantage – what makes us different to traditional insurers?

Surpluses

When performance results exceed target levels as a result of good claims management and risk mitigation, the surplus is returned to participating members. Since 2007, surpluses totalling \$31 million have been returned to members. Such redistribution of funds is not provided by the traditional insurance market who instead distributes profits to shareholders.

Risk Management

A key point of difference and benefit of LGIS is the broad range of complimentary risk management programs and services offered, that focus on key identifiable insurable risks for WA Local Governments. In addition, LGIS also offers fee for service risk management services which provide a “deeper dive” opportunity for members where required.

As well as supporting local governments in mitigating and preventing the impact of claims, and preventing increases in the cost of coverage, these risk management services support good corporate governance and ensure a safer workplace and community.

LGIS risk management programs and services

- ▶ Human resource risk management
- ▶ Emergency and business continuity risk management
- ▶ Property risk management
- ▶ Organisational risk management
- ▶ Liability risk management
- ▶ Occupational, safety and health
- ▶ Allied health services including injury management

WA Local Government Specialists

LGIS has a dedicated team of 70 plus Perth based staff, which specialise solely on servicing the needs of the WA Local Government Sector and are able to respond to unforeseen risks as they arise.

The longstanding relationship LGIS has with local government has enabled us to understand the Sector’s individual and evolving needs and tailor our services to meet these requirements not just today but into the future.



If you have any comments or questions regarding LGIS, or to discuss any matter in relation to your local governments membership with LGIS, please contact LGIS directly or go to the LGIS website.

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