

# Insurance – Follow Up

2 April 2026

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**Report by the Comptroller and Auditor General: 2 April 2026**

**This report has been prepared in accordance with Article 20 of the Comptroller and Auditor General (Jersey) Law 2014.**

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# Summary

## Introduction

1. A key tool for the mitigation of risks faced by an organisation is the use of insurance. The States of Jersey use both external insurance and self-insurance to mitigate risk. The insurance function is administered by a small team supported by external brokers and advisors.
2. For self-insurance purposes the States operate an Insurance Fund. This facilitates the provision of mutual insurance arrangements for:
  - States Bodies
  - any fund or money for which an Accountable Officer is appointed; and
  - any other bodies and persons that the Minister for Treasury and Resources may agree.
3. The Insurance Fund is funded from the Consolidated Fund with amounts as decided in the Government Plan, recharged to bodies or persons that participate in the mutual insurance arrangements, and received from settlements in insurable claims.
4. Exhibit 1 shows the Insurance Fund net asset value from 2019 to 2024.

### Exhibit 1: Insurance Fund Net Asset Values from 2019 to 2024

	2019 £000	2020 £000	2021 £000	2022 £000	2023 £000	2024 £000
Insurance Fund – net asset value	7,431	7,420	8,437	7,335	5,929	7,706

Source: States of Jersey Group Annual Report and Accounts 2019-2024

5. For external insurance the States contract with insurance brokers and insurers to obtain insurance cover from the commercial insurance markets. Cover falls into two main areas: General Insurance (property and business interruption

insurance, liability insurance and motor insurance) and specialist Medical Malpractice cover.

6. In April 2020, I issued a Report, *Insurance*, on the arrangements in place at that point. The report considered the States' approach to:
  - ensuring effective arrangements for governance and oversight
  - identifying and quantifying risks that might have financial consequences
  - developing a clear policy for insurance and self-insurance; and
  - ensuring appropriate arrangements to identify and manage insurance claims.

## Key findings

7. My 2020 Report made 15 recommendations, with the Government response indicating that actions were planned to be implemented over a period from July to December 2020. In following up these recommendations I have concluded that:
  - six are fully implemented
  - seven are partly implemented; and
  - two have not been started.
8. The States of Jersey have improved governance and oversight of the insurance function since my 2020 Report. A specialist insurance advisory firm was selected in 2023 to comprehensively review the States of Jersey's risk and insurance governance. In addition, the review helped inform a risk and insurance strategic approach and in the development of a three-year implementation plan with actions to achieve the desired strategic goals. Following her appointment in May 2023, the Head of Insurance used the results from this review to develop a Risk and Insurance Strategy which received Ministerial approval in late 2023. There is now a need to prioritise and deliver ongoing strategic improvements through bringing together the actions in the Insurance Strategy Tracker and my recommendations into one workstream, with appropriate implementation dates.

9. There is a good level of engagement between the Insurance and Risk teams. However, there has been limited progress in implementing the recommendations from my report in 2020 to strengthen processes to identify and assess risks. Actions remain ongoing in relation to:
- identifying and documenting existing and emerging insurable risks
  - more efficient and effective analysis of claims data; and
  - setting out how insurance risk appetite is derived from the States' overall risk appetite.
10. The States of Jersey have implemented three of my four previous recommendations regarding insurance programme design and procurement. Following the recent tender exercise for General Insurance, the States secured an improved level of cover for a reduced premium. In 2024 the General Insurance renewal premium was £8.6 million. Following the tender procurement, the figure fell to £6.2 million in the areas tendered. New insurers were appointed to spread the risk associated with a single provider. The tender also led to enhanced insurance cover across all insurance lines, for example addressing the identified risk of under insurance of the energy recovery facility, and leading to a reduced excess on property insurance, which reduces the pressure on the Insurance Fund. Insurance cover for Medical Malpractice remains more challenging due to the level and complexity of claims. The most recent renewal led to an increase in premium costs whilst maintaining continuity of cover. Further work is required to address my recommendation to establish and set out future policies for insurance, self-insurance and the arrangements for funding.
11. There has been some improvement in the States of Jersey oversight of claims handling through the development of claims protocol guides and service level agreements which are monitored regularly. These provide an improved mechanism through which to identify key issues and areas where action is potentially required. However, the action to review claims handling arrangements, due to be completed by December 2020 in response to my previous recommendation, remains outstanding. It is included as an action to take forward once a decision has been taken on whether to procure and implement an insurance management system.

12. There has been limited progress on the implementation of my previous recommendations in relation to monitoring, reporting and continuous improvement. A delay in finalising the decision on whether or not to procure an insurance management system has impacted on the proposed review to improve management information on insurance claims. As a consequence, the States of Jersey do not have easily accessible data on which to take preventative action. Such action might reduce the incidence and / or impact of events that in the past have led to claims.

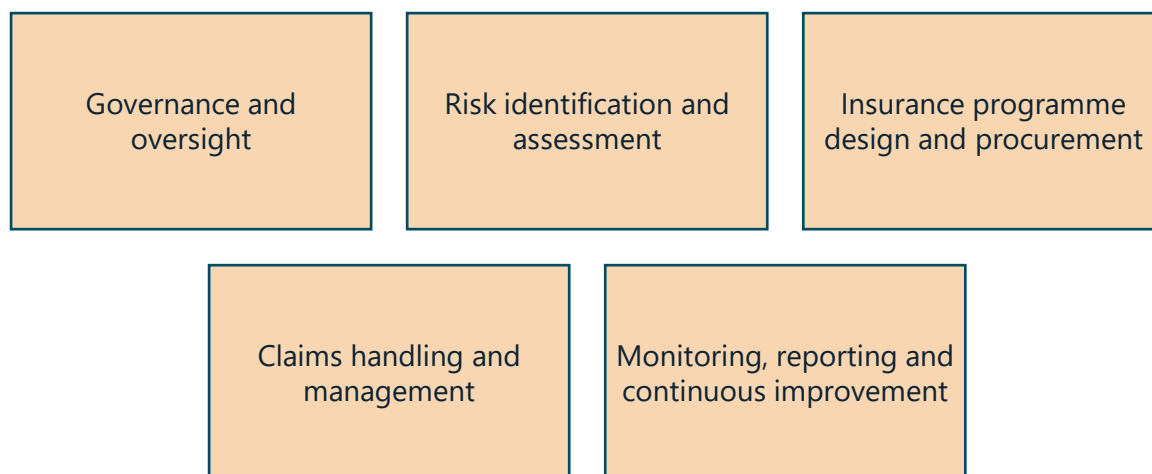
## Conclusion

13. The States have made progress with a number of the recommendations that I made in 2020 to improve their approach, particularly in the governance and oversight of insurance arrangements, and in the recent procurement of insurance cover which reduced the overall cost of the General Insurance premium whilst improving the level of cover and reducing the risk associated with having only one provider.
14. However, the States of Jersey need to prioritise and deliver strategic improvements through bringing together the actions in the Insurance Strategy Tracker and my recommendations into one workstream, with appropriate implementation dates. Further work is required to improve the links between insurance risk and risk appetite, including identifying and documenting existing and emerging insurable risks, and establishing more efficient and effective analysis of claims data to better manage insurance risk.

# Objectives and scope of the audit

15. The audit has followed up on my 2020 Report and recommendations. In the context of current insurance risks and opportunities, it has assessed:
  - the progress made in implementing agreed recommendations from my 2020 Report
  - the extent to which the recommendations as implemented have addressed the improvement areas identified in my 2020 Report; and
  - the adequacy of plans for the implementation of any outstanding recommendations.
  
16. In doing so, my audit has evaluated:
  - the effectiveness of the States' overall policy and strategy for the identification, quantification, oversight and management of insurance risks and cover
  - the effectiveness of the response to potential additional claims, including to mitigate future risk; and
  - the effectiveness of policy and strategy in optimising insurance arrangements for:
    - a sample of self-insurance plans; and
    - a sample of external insurance plans, in relation to both General Insurance and Medical Malpractice.
  
17. This report is structured into areas examined as part of the audit, as set out in Exhibit 2.

## Exhibit 2: Areas examined as part of the audit



*Source: Jersey Audit Office*

18. The approach and criteria used for this audit are detailed in Appendix One.
19. The audit did not extend to:
  - a follow up of the recommendations made in my previous reports on risk management
  - the detailed insurance arrangements in place within States controlled entities; and
  - the operation of the Health Insurance Fund: I published a separate report on the Health Insurance Fund in February 2026.

# Detailed findings

## Governance and oversight

20. I made four recommendations in my 2020 Report in respect of the overall arrangements within the States to ensure the right controls are in place for the governance and oversight of insurance. My assessment of progress against these recommendations is summarised in Exhibit 3.
21. While two recommendations have been implemented, there is a need to review and bring the Insurance Strategy Tracker up to date with revised actions and timelines.

### Exhibit 3: Progress against the 2020 recommendations associated with governance and oversight

Recommendation	Current Position	Evaluation
<p><b>R1</b> Review the governance structure for overseeing insurance. In doing so, the States should:</p> <ul style="list-style-type: none"> <li>• consider the role of the Risk and Audit Committee in respect of oversight of insurance. This might include, for example:               <ul style="list-style-type: none"> <li>o review of the Insurance Strategy and Improvement Plan</li> <li>o receiving an annual insurance report; and</li> <li>o gaining assurance that appropriate insurance</li> </ul> </li> </ul>	<p>Insurance is overseen by the Head of Insurance who sits in the Treasury and Exchequer Department and reports directly to the Treasurer.</p> <p>The Risk and Audit Committee has a documented role in respect of responsibility for oversight of the arrangements for managing risks through insurance and has received annual reports on those arrangements.</p> <p>The Insurance Strategy Tracker is actively maintained, monitored, updated and owned by the Head of Insurance. The last</p>	<p><b>Implemented</b></p>

Recommendation	Current Position	Evaluation
<p>arrangements are in place for key risks</p> <ul style="list-style-type: none"> <li>review existing officer forums that consider insurance issues and ensure that their role and purpose is reflected in their terms of reference; and</li> <li>set out the arrangements for approving and monitoring the Insurance Strategy and Improvement Plan.</li> </ul>	<p>status update was in October 2025.</p>	
<p><b>R2</b> Agree dates for addressing the actions set out in the Insurance Strategy and Improvement Plan and ensure that there are sufficient resources to deliver and implement it.</p>	<p>The Insurance Strategy Tracker was updated following my 2020 audit, with target dates set. However, a number of actions remain open or in progress.</p>	<p><b>Partly implemented</b></p>
<p><b>R3</b> Review and update the Insurance Strategy and Improvement Plan as it is implemented.</p>	<p>The Insurance Strategy and Improvement Plan is actively maintained, monitored, updated and owned by the Head of Insurance. The last status update was in October 2025. As noted, some dates and actions require updating.</p>	<p><b>Partly implemented</b></p>

Recommendation	Current Position	Evaluation
<p><b>R6</b> Put in place and implement a policy for determining at what level of funding the Insurance Fund should be maintained. For example, this might set out whether the funding level should be at best estimate or whether allowance should be made for a buffer and, if a buffer were required, at what level of confidence.</p>	<p>A specialist insurance advisor was appointed to determine the best estimate for the required funding for the Insurance Fund, taking into account a buffer for unexpected costs. The report included recommendations to the Treasurer in respect of the levels of reserves required to meet historical claims liabilities.</p> <p>The recommendations were accepted and implemented.</p>	<p><b>Implemented</b></p>

Source: Jersey Audit Office analysis

22. The States of Jersey have improved governance and oversight of the insurance function since my 2020 Report.
23. The Head of Insurance, appointed in 2023, leads a small Insurance team, currently comprising an Insurance Manager and a Business Support and Delivery Officer. The team is responsible for the management, procurement and oversight of the States of Jersey insurance arrangements, which include the following States Owned Entities:
  - Andium Homes
  - Jersey Post
  - JT
  - Ports of Jersey; and
  - Jersey Development Company (personal accident and travel only).
24. The Head of Insurance reports directly to the Treasurer and typically meets with him every two weeks to deliver an update and briefing. In addition, the

Insurance team has identified key internal stakeholders, working closely with the Risk team, departmental finance leads and other specific teams, for example, Health and Safety.

25. The role of the Risk and Audit Committee in respect of insurance was made explicit in its Terms of Reference in 2020:

*"The Committee will advise the Chief Executive and Treasurer on ...oversight of the arrangements for managing risks through insurance."*

and

*"At appropriate times during the cycle the Committee will also be provided with..."*

- *The Insurance Strategy and improvement plan*
- *Annual Insurance Report."*

26. The Head of Insurance and team brief the Risk and Audit Committee annually, with the latest update in February 2026. The briefing included an update on the outcome from the 2025 Insurance Tender process, identified the planned 2026 projects, the operational and financial risks to the delivery of those projects and an outline of the risk mitigation measures. I note that four projects, when completed, will address some of the recommendations I made in 2020. This represents a delay in the implementation of improvements to insurance management arrangements identified in my previous report. However, I note the rate of progress in addressing my recommendations has improved following the appointment of the Head of Insurance in 2023.

27. Oversight of risk and risk management, including insurance risk, is within the remit of the Executive Leadership Team and the Council of Ministers. Day to day insurance activity is largely handled by the Insurance team, working with external stakeholders such as the brokers and insurers. The activity of these external stakeholders is governed by their own policies and processes, while the Insurance team has developed various policies and procedures to support its work.

28. Relevant policies and processes, such as the Claims Handling Protocol, are shared widely across the States of Jersey. The Insurance team's site on MyStates is used to communicate and share relevant information, policies, processes and guidance.
29. In 2023 a specialist insurance advisory firm was selected to comprehensively review the States of Jersey's risk and insurance governance. In addition, the review helped inform a risk and insurance strategic approach and in the development of a three-year implementation plan with actions to achieve the desired strategic goals.
30. Following her appointment in May 2023, the Head of Insurance used the results from this review to develop a Risk and Insurance Strategy which received Ministerial approval in late 2023. The Strategy is supported by an Insurance Strategy Tracker which includes 14 operational actions, four of which are marked as completed. At the time of my fieldwork, of the remaining ten actions, one action had not been started, with the remainder in progress and continuing into 2026. A number of the implementation deadlines require updating to recognise the interdependencies between actions. I note that some actions developed from the Risk and Insurance Strategy are similar to recommendations from my April 2020 Report that have not been implemented.
31. The Head of Insurance and her team monitor the actions contained in the Tracker and report progress internally and to the Risk and Audit Committee. However, the States of Jersey need to prioritise and deliver strategic improvements through bringing together the actions in the Insurance Strategy Tracker and my recommendations into one workstream, with appropriate implementation dates.

## **Recommendation**

- R1** Update the Insurance Strategy Tracker to include the recommendations made in this report and revised target implementation timeline and delivery dates.

## Risk identification and assessment

32. I made three recommendations in 2020 in respect of the overall arrangements within the States to ensure the right controls are in place for risk identification and assessment. There has been limited progress on the implementation of these recommendations, as summarised in Exhibit 4.

### Exhibit 4: Progress against the 2020 recommendations associated with risk identification and assessment

Recommendation	Current Position	Evaluation
<p><b>R5</b> Develop a systematic approach to identifying and documenting existing and emerging insurable risks. As set out in the Insurance Strategy and Improvement Plan, this should include:</p> <ul style="list-style-type: none"> <li>• regular reviews of corporate and departmental risk registers</li> <li>• developing new processes such as developing and maintaining an insurable risk register</li> <li>• considering insurance matters at an early stage in the development of major programmes and projects; and</li> <li>• more efficient and effective analysis of claims data.</li> </ul>	<p>These actions are included within the Insurance Strategy Tracker, but there has been limited progress.</p> <p>The new contract with the broker is providing support with reviews of risk registers. There is also ongoing work with the insurers and brokers to cleanse claims data, in line with the requirements within the insurance tender.</p> <p>Further work on risk management, such as linking insurance with risk appetite, has not yet started and remains planned.</p> <p>More work is required, particularly to develop more efficient and effective analysis of claims data.</p> <p>The proposed solution is the implementation of an identified insurance management information system. However, the procurement of the system has been delayed as a consequence of the prioritisation of Digital Services projects across Government.</p>	<p><b>Partly implemented</b></p>

Recommendation	Current Position	Evaluation
<p><b>R7</b> Set out how insurance risk appetite is derived from the States' overall risk appetite. In doing so, consider how risk appetite can be communicated and used to support strategic decisions and wider risk management arrangements.</p>	<p>The Insurance team has designated this as a future action and will follow separate actions aimed at improving data and the insurable risk identification project.</p>	<p><b>Not implemented</b></p>
<p><b>R15</b> Agree responsibilities, service levels and monitoring arrangements for insurance with Specified Organisations. These should include the arrangements for providing the States with assurance that Specified Organisations manage their insurance risks within the States' risk appetite.</p>	<p>The Insurance team has designated this as a future action.</p>	<p><b>Not implemented</b></p>

Source: Jersey Audit Office analysis

33. States of Jersey insurance arrangements are managed centrally by the Insurance team that sits within Treasury and Exchequer. Risks on behalf of the States of Jersey and certain nominated States Owned Entities are pooled for the purposes of procuring and managing value for money commercial insurance premiums.
34. I noted a high level of engagement and communication between the Insurance and Risk teams, including working closely on the 2025 insurance retendering exercise. Ongoing engagement is facilitated through co-location, regular meetings and knowledge sharing between the two functions.

35. However, there has been limited progress in implementing the recommendations from my report in 2020. Despite agreeing action dates to implement recommendations by the end of 2020, actions remain ongoing in relation to:
- identifying and documenting existing and emerging insurable risks
  - more efficient and effective analysis of claims data; and
  - setting out how insurance risk appetite is derived from the States' overall risk appetite.
36. I understand that the planned review of internal risk registers as part of developing a systematic process to identify insurable and uninsurable risks has not yet started due to resource constraints. The delay in completing this planned review exposes the States of Jersey to both financial and reputational threats. The Insurance team has identified this review of uninsured risks as an objective for 2026.
37. Insurance risk appetite describes the level of risk the States of Jersey are prepared to retain. It is a balance between a willingness to take calculated risks and a commitment to implementing robust controls. The appetite for accepting insurance risk will vary according to the activity undertaken and hence there will be different appetites for and tolerances of risk depending on the type of activity. When a clear risk appetite statement is in place it supports decision making in respect of excess levels and premiums. It also provides a basis to inform departments and States Owned Entities in selecting a preferred option based on their individual risk appetite. The absence of such a statement can lead to poor decision making or increased financial loss.
38. In 2020, I recommended that the States should set out how insurance risk appetite is derived from the States' overall risk appetite. I also recommended that responsibilities, service levels and monitoring arrangements for insurance should be agreed with the States Owned Entities, including how these take into account the States' risk appetite. The Government action to respond to both recommendations has not yet started. In July 2025, my report on *Financial Management and Internal Control – Follow Up* included a similar recommendation for the States to finalise the articulation and implementation

of the risk appetite statements. The Government response indicated the target date for implementing this recommendation is now June 2026.

39. Following the completion of the 2025 insurance tender process, the Insurance team has identified the development and assessment of insurance risk appetite as a key objective for 2026. The first stage of this is intended to be progressed in collaboration with the broker, the States of Jersey Risk team, and States Owned Entities. There is a need to progress this across the States of Jersey to support the identification of insurable risks or decide on what level of self-insurance risk will be tolerated.
40. The States of Jersey have adopted a structured approach to managing material risks through a combination of commercial insurance, self-insurance mechanisms, and designated financial reserves. The general principles of risk financing are included within the State's broader Risk Management Strategy and the Public Finances (Jersey) Law 2019. This hybrid model seeks to ensure the States of Jersey can effectively manage both insurable and non-insurable risks, maintain service continuity, and safeguard public finances.
41. Risk identification is undertaken in a variety of ways. The processes through which the States of Jersey identify and assess insurance risk, including determining which risks are insurable and which need to be managed through other mitigation strategies, are informed by:
  - the Corporate Risk Register
  - actuarial reviews and insurance audits
  - departmental risk assessments and business continuity plans; and
  - collaboration with the Risk team, senior management and other key stakeholders.
42. The risk of uninsured losses is included on the Corporate Risk Register. The current risk assessment rating is 'High' with a target to reduce this to 'Medium' by 31 December 2026. The actions in the Insurance Strategy Tracker are intended to reduce the residual risk level to achieve this. The Executive Leadership Team and the Risk and Audit Committee are provided with

periodic updates on the Corporate Risk Register to enable appropriate decision-making, questions, progress reporting and oversight.

## **Recommendations**

- R2** Develop a systematic approach to identifying, documenting and managing existing and emerging insurable risks.
- R3** Establish how insurance risk appetite is derived from the States' overall risk appetite.
- R4** Agree and document responsibilities, service levels and monitoring arrangements for insurance with the relevant States Owned Entities. These should include the arrangements for providing the States with assurance that the entities manage their insurance risks within the States' risk appetite.

## Insurance programme design and procurement

43. In 2020 I made four recommendations in respect of the insurance programme design and procurement. Three of the four recommendations have been implemented. Further work is required to address my recommendation to establish and set out policies for insurance, self-insurance and the arrangements for funding. My assessment of progress against these recommendations is summarised in Exhibit 5.

### Exhibit 5: Progress against the 2020 recommendations associated with insurance programme design and procurement

Recommendation	Current Position	Evaluation
<p><b>R8</b> Establish and set out policies for insurance, self-insurance and the arrangements for funding. These should include:</p> <ul style="list-style-type: none"> <li>• determining which risks should be insured and those that should remain uninsured</li> <li>• for insured risks:               <ul style="list-style-type: none"> <li>o how departmental excesses and contributions to the Insurance Fund are determined; and</li> <li>o how deductibles are set to ensure that they are within the States' risk appetite and provide an appropriate balance between the expected costs of self-insurance and the likely cost of</li> </ul> </li> </ul>	<p>The Head of Insurance commissioned two reports from a specialist insurance advisory firm:</p> <ul style="list-style-type: none"> <li>• in 2023, a report on risk and insurance governance to inform a strategic approach to risk and insurance; and</li> <li>• in 2024, a report to determine the best estimate of the Government of Jersey's total historical liabilities to the Insurance Fund.</li> </ul> <p>Recommendations in respect of the levels of reserves required to meet historical claims liabilities were accepted and implemented.</p> <p>However, further work is required to address my previous recommendation, including:</p> <ul style="list-style-type: none"> <li>• how departmental excesses and contributions to the Insurance Fund are determined; and</li> <li>• how deductibles are set.</li> </ul> <p>This was planned to be completed in advance of the 2026 budgeting process. However, this work was</p>	<p><b>Partly implemented</b></p>

Recommendation	Current Position	Evaluation
<p>insurance premiums; and</p> <ul style="list-style-type: none"> <li>for uninsured risks, how potential losses are to be funded.</li> </ul>	<p>delayed due to capacity within the Insurance team and is now planned in 2026 for the 2027 budget process.</p>	
<p><b>R9</b> Consider explicitly the benefits that can be obtained from improving existing arrangements as well as an assessment of the lessons learned from the recent insurance procurement exercise as part of the decision as to whether to establish a captive insurance company.</p>	<p>Lessons were incorporated into the approach for the subsequent tender exercises.</p> <p>The tender process for an insurance broker was completed in 2024. The insurance broker worked with the States of Jersey to appoint a new insurance provider from 1 October 2025.</p> <p>The Head of Insurance is currently working with the insurance broker for Medical Malpractice Insurance to assess and consider the advantages and disadvantages associated with establishing a captive insurance company.</p>	<p><b>Implemented</b></p>
<p><b>R10</b> Undertake a review of the lessons learned from the procurement process for 2019 and develop an action plan to improve the procurement of insurance in future years.</p>	<p>Lessons were incorporated into the approach for the 2024 and 2025 tender exercises.</p>	<p><b>Implemented</b></p>
<p><b>R11</b> Ensure exemptions from the procurement requirements set out in the Public Finances Manual are obtained in a timely manner. Where an exemption is not obtained before the start of a contract or date of</p>	<p>Exemptions were obtained in advance of the contract extension for the Insurance Contract to 30 September 2025 and the Broker Contract in 2024.</p>	<p><b>Implemented</b></p>

Recommendation	Current Position	Evaluation
renewal or extension, this should be declared as a breach.		

Source: Jersey Audit Office analysis

44. The States of Jersey procure a range of commercial insurance policies to transfer specific categories of high-impact, low-likelihood risk. These typically include:
  - property and asset insurance (for example buildings, schools, hospitals)
  - public liability and employer’s liability insurance; and
  - motor fleet insurance.
45. For risks that are either uninsurable or more economically managed internally, the States of Jersey maintain self-insurance arrangements through the Insurance Fund. A wide range of insurance classes is identified with each class subject to variable excess and deductible limits covering all declared assets and liabilities.
46. The Head of Insurance commissioned a specialist insurance advisory firm to undertake a Self-Insurance Fund Review in 2024, covering the policy years 2005 to 2024. In the subsequent report, the firm’s best estimate of the total historical funding requirement for these years was £13.7 million. The advisory firm also recommended that the States of Jersey include a buffer to allow for the uncertainty surrounding these estimates. This was implemented and an indicative buffer of £2.04 million was set based on the 75% confidence level, resulting in a total figure of £15.74 million.
47. The States of Jersey are supported by two brokers, one for General Insurance and one for Medical Malpractice Insurance. In 2024, a robust process was followed to appoint a new General Insurance broker in advance of the insurance tender process.
48. In 2025, a full exercise to select insurers for seven General Insurance lots was run by the broker and the States of Jersey. The 2024 General Insurance

renewal premium was £8.6 million and following the tender procurement, the figure fell to £6.2 million in the areas tendered. New insurers were appointed to spread the risk associated with a single provider and allowing comparison and competition. The tender also led to enhanced insurance cover across all insurance lines, for example addressing the identified risk of under insurance of the energy recovery facility, and a reduced excess on property insurance, which reduces the pressure on the Insurance Fund. The contract awarded covers a period of three years plus one or two-year extension options (to five years in total) with the aim to provide long term stability.

49. The broker's evaluation report notes that the approach taken by the States of Jersey through pre-engagement meetings in both London and Jersey encouraged participation from a broad range of potential providers. The report concluded that the evaluation was thorough and identified three areas for ongoing improvement:
  - even clearer, more standardised evaluation criteria to reduce subjectivity
  - enhanced documentation to minimise bidder clarifications; and
  - explicit requirements for data integration, local service, and value-added offerings.
50. I recommended in 2020 that arrangements for the determination of departmental excesses and contributions to the Insurance Fund and how deductibles are set should be reviewed, to provide an appropriate balance between the expected costs of self-insurance and the likely cost of insurance premiums. The Insurance team has worked with the broker to develop a model for deductibles. The team intends to work initially with the States Owned Entities to assess excesses, contributions and deductibles based on claims experience and risk appetite.
51. The 2025 insurance renewal report for Medical Malpractice noted the renewal process was complex and challenging due to the level and complexity of claims. The outcome of the most recent renewal was an overall increase in premium costs, although the broker was able to negotiate the reintroduction of an aggregate deductible and maintain continuity of cover. In the context of the wider insurance market, where medical indemnity claims continue to

increase, it is important for the States of Jersey to implement recommendations, from my reports and other independent review bodies, on a timely basis to drive a more robust clinical governance process. This is crucial to mitigate future risks, including insurance risk, arising from medical malpractice.

52. The Head of Insurance is currently working with the insurance broker for Medical Malpractice Insurance to assess and consider the advantages and disadvantages associated with establishing a captive insurance company. The broker has recently completed a captive feasibility study which included an actuarial review which is now being evaluated by the Insurance team.

## **Work planned that should be prioritised**

- P1** Implement the model to tailor excesses, contributions and deductibles based on claims experience and risk appetite.
- P2** Progress the actuarial review for Medical Malpractice Insurance and decide whether to progress with a captive insurance company.

## Claims handling and management

53. I made two recommendations in 2020 in respect claims handling and management. One recommendation has been implemented, and one remains in progress, as set out in Exhibit 6.

### Exhibit 6: Progress against the 2020 recommendations associated with claims handling and management

Recommendation	Current Position	Evaluation
<b>R12</b> Agree service levels for the claims handling contract, how performance is to be monitored and the arrangements for taking remedial action.	<p>A new claims handling service level agreement was put in place at renewal in October 2021 and has been updated with annual renewals thereafter.</p> <p>The States of Jersey commissioned the broker to carry out an independent audit of claims handling in 2025. The audit report included recommendations which have been incorporated within the Insurance Strategy Tracker.</p>	<b>Implemented</b>
<b>R13</b> In deciding whether to bring claims handling in-house for the whole of the States, consider the good practice and learning from the arrangements put in place for claims made against the Minister for Health and Social Services.	<p>Good practice and learning have been considered in the development of claims handling.</p> <p>There are no plans at present to bring claims handling in-house. The Insurance Strategy Tracker includes an action to recruit to a claims handling role, following the procurement and implementation of an insurance management system. However, this procurement has been delayed due to resource constraints within the States of Jersey Digital Services team.</p>	<b>Partly implemented</b>

Source: Jersey Audit Office analysis

54. There has been some improvement in the States of Jersey oversight of claims handling through the development of claims protocol guides and service level agreements which are monitored regularly. These provide an improved mechanism through which to identify key issues and areas where action is potentially required. However, the action to review claims handling arrangements, due to be completed by December 2020 in response to my previous recommendation, remains incomplete. Claims handling arrangements were reviewed as part of the Insurance Strategy update in 2023. Ministerial approval was received in November 2023 to procure a claims management system. A system provider was identified by way of a procurement exercise in 2025, but this action has not been finalised due to a reprioritisation of Digital Services projects across Government.
55. The States of Jersey have a Service Level Agreement in place with the claims handler for insurance claims. The broker carried out an independent claims audit in 2025. The audit reviewed the claims process and outcomes against the States of Jersey Service Level Agreement and best practice. The audit also assessed whether the reserving policy was being applied consistently and whether files were closed quickly and appropriately. It concluded that claims handling was of a high standard and the Service Level Agreement was generally adhered to. The audit report included recommendations for the States of Jersey to follow up, and these have been included in relevant actions within the Insurance Strategy Tracker.
56. Claims protocol guides cover both General Insurance and Medical Malpractice Insurance. These contain clear and succinct information on reporting the respective insurance claims. The General Insurance Claims Protocol Guide includes contact details and covers the processes for contacting insurers. It is divided into several sections covering different types of claims, such as for property damage, motor fleet and travel insurance and the like. The Claims Handling Protocol agreement for Medical Malpractice outlines the relevant claims handling process for the parties to follow in the event of a loss. It is clear and articulates the steps appropriately.
57. In respect of disagreements or disputes regarding policy coverage, the Insurance team seeks advice from the Law Officers' Department, as well as the brokers, as necessary. In respect of large complex losses, the Insurance team

engages the relevant team within the broking house to advocate on the States of Jersey's behalf to ensure a fair outcome.

58. Key Performance Indicators have been developed and are monitored through six-monthly meetings with the brokers for both General Insurance and Medical Malpractice Insurance. This represents an improvement compared to my findings in 2020, where I concluded that performance was not routinely monitored. An annual stewardship review with the General Insurance broker took place in January 2026. The Insurance team has recognised that these reviews should be formalised to enable agreed actions to be better tracked.

### **Work planned that should be prioritised**

- P3** Formally document agreed actions from monitoring meetings held between the Insurance team and the brokers, and ensure actions are followed up and closed in a timely manner.

## Monitoring, reporting and continuous improvement

59. I made two recommendations in 2020 in respect of monitoring, reporting and continuous improvement. Neither recommendation has been fully implemented and my assessment of progress against these recommendations is summarised in Exhibit 7.

### Exhibit 7: Progress against the 2020 recommendations associated with monitoring, reporting and continuous improvement

Recommendation	Current Position	Evaluation
<p><b>R4</b> Implement planned improvements to increase the awareness and knowledge of departments of the insurance function and its activities by, for example, improving the insurance information available on MyStates and developing service level agreements.</p>	<p>Insurance summary policies and related documents are available on MyStates, including a claim protocol guide.</p> <p>There has been limited progress in developing an internal engagement and training plan, specifically relating to insurance, although this is covered in part through training provided by the Risk team. The development of such a plan is now an objective for 2026 following the completion of the insurance tender exercise.</p> <p>A Service Level Agreement has been agreed with the General Insurance broker and is reviewed through a formal meeting twice a year.</p> <p>A claims handling protocol has been agreed with the Medical Malpractice Insurance broker. Claims review meetings are expected to be held every six months, but in practice are more frequent.</p>	<p><b>Partly implemented</b></p>

Recommendation	Current Position	Evaluation
<p><b>R14</b> Regardless of whether a new in-house insurance claims management system is procured, review the claims information that is available to consider how to provide a more timely and useful analysis. This review should focus on areas where management action might be needed, set out clear recommendations and be communicated to those responsible for implementing improvements.</p>	<p>Information on current, potential and closed claims is maintained through the use of insurance industry standard template spreadsheets. These spreadsheets are complex and do not enable the provision of timely and useful management information.</p> <p>In its response to the recommendation, the Government stated a review of claims information and a needs analysis would be undertaken by December 2020. In the current Insurance Strategy Tracker, this action was aligned to the procurement of a specific insurance management system to enable improvements in claims information analysis. The original target date for implementation was 31 December 2024. This action remains incomplete as at February 2026.</p>	<p><b>Partly implemented</b></p>

Source: Jersey Audit Office analysis

60. There has been limited progress on the implementation of my previous recommendations. As a consequence, the States of Jersey do not have easily accessible data on which to take preventative action. Such action might reduce the incidence and / or impact of events that in the past have led to claims.
61. Information on current, potential and closed claims is maintained using insurance industry standard template spreadsheets. There is one document for General Insurance which is maintained by the insurer and shared monthly with the Insurance team. A separate document for Medical Malpractice Insurance claims is maintained by the legal officer for Health and Care Jersey. This is shared monthly with the Insurance team, the broker and the insurer.

Both spreadsheets are complex and do not facilitate the provision of good management information by which to analyse performance and take appropriate action.

62. The Insurance Strategy Tracker identifies actions designed to improve the arrangements to monitor, report and continuously improve management of insurance across the States of Jersey. These include:
  - procurement of a dedicated insurance management system
  - centralising the claims reporting process with a dedicated claims manager to provide support; and
  - updating and rolling out an internal engagement and training plan with support from the broker and insurers.
63. The Insurance team, working with Commercial Services and Digital Services, has identified an appropriate insurance management system. Implementation of the selected claims handling insurance management system by the States of Jersey will bring clear opportunities to better manage and monitor performance and value for money. This can be achieved through using data to learn lessons, enable root cause analysis and drive improvements in claims management processes. Progress on this procurement has been delayed due to resource constraints with the States of Jersey Digital Services team. Regardless of whether a dedicated system is procured, there remains a need to improve the quality, and use, of claims management data.
64. To facilitate continuous improvement, further work is required to update the actions contained in the Insurance Strategy Tracker with realistic implementation dates. This update should also take into account my recommendations and the final decision around the implementation of a new insurance management system.

## **Recommendation**

- R5** Improve the quality and usability of management information from insurance claims data to drive improvements in claims management and risk identification.

# Appendix One

## Audit Approach

This audit used a combination of a problem-oriented, result-oriented and system-oriented approach.

The audit used the following criteria:

- Governance and oversight: roles and responsibilities for insurance management are clearly defined for the oversight, strategy, procurement, claims management and compliance of insurance arrangements
- Risk identification and assessment: a risk management framework is in place to identify, assess, and mitigate insurance risks on an ongoing basis
- Insurance programme design and procurement: insurance arrangements are based on an informed understanding of the States of Jersey specific risk profile and risk appetite
- Claims handling and management: procedures are in place, and reviewed regularly, to report, manage and escalate claims; and
- Monitoring, reporting and continuous improvement: insurance arrangements are regularly reviewed and reported, using agreed key performance indicators, and a feedback loop is in place to learn from claims experience and other internal or external reviews.

The approach included the following key elements:

- Document request followed by review and analysis; and
- Interviews with key officers.

The documents reviewed included:

- Claims Audit Report, July 2025
- Claims Handling Protocol (Medical Malpractice), November 2025
- Claims Handling Service Level Agreement 2024
- Claims Protocol Guide (General Insurance), October 2025

- Key Performance Indicators
- Risk and Audit Committee: Terms of Reference, Corporate Risk Register and Insurance Update Reports 2022 to 2025
- Risk and Insurance Strategy, April 2023
- Self-Insurance Fund Review 2024, Draft Report 2, June 2024
- States of Jersey Invitation to Tender, Insurance Brokerage, Risk Management and Advisory Services for the Government of Jersey Insurance Portfolio, Tender Evaluation Report and Insurance Tender Outcome Presentation 2025

The following people contributed information through interviews or by correspondence:

- Business Support and Delivery Officer, Treasury and Exchequer
- Deputy Head of Risk, Treasury and Exchequer
- Head of Insurance, Treasury and Exchequer
- Head of Risk, Treasury and Exchequer
- Manager – Insurance, Treasury and Exchequer

The fieldwork was carried out by an affiliate working for the Comptroller and Auditor General in October 2025 to January 2026.

## Appendix Two

### Summary of Recommendations and Work planned that should be prioritised

- R1** Update the Insurance Strategy Tracker to include the recommendations made in this report and revised target implementation timeline and delivery dates.
- R2** Develop a systematic approach to identifying, documenting and managing existing and emerging insurable risks.
- R3** Establish how insurance risk appetite is derived from the States' overall risk appetite.
- R4** Agree and document responsibilities, service levels and monitoring arrangements for insurance with the relevant States Owned Entities. These should include the arrangements for providing the States with assurance that the entities manage their insurance risks within the States' risk appetite.
- R5** Improve the quality and usability of management information from insurance claims data to drive improvements in claims management and risk identification.

### Work planned that should be prioritised

- P1** Implement the model to tailor excesses, contributions and deductibles based on claims experience and risk appetite.
- P2** Progress the actuarial review for Medical Malpractice Insurance and decide whether to progress with a captive insurance company.
- P3** Formally document agreed actions from monitoring meetings held between the Insurance team and the brokers, and ensure actions are followed up and closed in a timely manner.



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