

ROTHERHAM BOROUGH COUNCIL - REPORT TO DEPUTY LEADER

1.	Meeting:	Deputy Leader
2.	Date:	17 March 2014
3.	Title:	Renewal of Insurance Contracts 2014/15
4.	Directorate:	Environment & Development Services

5. Summary

This report seeks to inform the Deputy Leader of the outcome of the Insurance Contract renewals for the insurance year commencing 28 February 2014.

In accordance with OJEU Tendering Procedures, the provision of insurances to the Authority was subject to tendering procedures in 2012/13 and, as a consequence, Long Term Agreements with the respective insurers were agreed which took effect from 28 February 2013.

6. Recommendations

The Deputy Leader is asked to:

- **Note the savings achieved for 2014/15 across various insurance policies and claims handling charges**
- **Note the key role that the Council's Risk Management strategy has played in driving down the numbers and costs of claims leading to savings in insurance premiums**

7. Proposals and Details

In accordance with OJEU competition requirements, the provision of insurances to the Authority was subjected to a full tender process due to the expiry of existing arrangements in 2013.

An analysis of the bids received was undertaken by the Council's Insurance Broker, Aon Ltd.

Consequently, on the basis of this analysis, cover for Cross-Class (Major Liability) Risks, Personal Accident, Travel and School Journey Risks and Fidelity Guarantee Risks was awarded to Risk Management Partners (RMP), whilst cover for Property and Contract Works Risks was awarded to Zurich Municipal Insurance (ZMI), to take effect from 28 February 2013.

In accordance with the terms of the contracts, declaration forms must be completed and submitted to insurers at the end of each insurance year, so that performance over the preceding year can be analysed and adjustments made to premiums as appropriate.

Following recent meetings with both RMP and ZMI, at which they presented their renewal terms for the coming year, it was revealed that the authority has realised an overall saving on premiums of £95,394.

Predictably, a large proportion of this (£68,455) is on property and is partly down to the reduction in the size of the property portfolio. However, ZMI also stressed that the authority's excellent claims experience and the fact that we suffered only one loss during 2013/14 (the Museum break-in) also contributed. Similarly, the reduction in the Terrorism premium (£11,400) is largely down to the reduction in the portfolio and staff numbers.

A pleasing saving of £15,410 was also achieved on claims handling charges. Whilst part of this is down to a slight decline in claims numbers, it's also a consequence of the Governance Section handling more property-related liability and motor claims 'in-house' rather than routinely referring to our appointed claims handlers, Gallagher Bassett. This is a policy that we will be aiming to continue in the future.

A summary of the savings is shown at **Appendix A**.

8. Finance

The overall total of the insurance and claims handling contracts for 2014/15 (£1,107,720) has realised a saving of £95,394 on the previous year.

At a time when the insurance market (and economy) is still in a state of flux and many local authorities are reporting increases in premiums, and even the termination of Long Term Agreements by insurers, this should be viewed as an excellent outcome for Rotherham.

9. Risks and Uncertainties

These proposals will contribute to a sustainable Medium Term Financial Strategy.

The Council's Risk Management Strategy and pro-active approach to risk has been key in achieving reductions in claims numbers and thus reducing insurance premium levels.

10. Policy and Performance Agenda Implications

Risk Management is part of Good Governance and is wholly related to the achievement of the objectives in the Council's Corporate Plan

11. Background Papers and Consultation

- Aon Ltd Insurance Renewal Report – 14 February 2014
- Zurich Municipal Insurance Renewal Agreement – 11 February 2014

Contact Names:

Colin Earl, Director of Audit and Asset Management, x22033

Andrew Shaw, Insurance and Risk Manager, x22088

Appendices:

Appendix A Renewals Figures 2014/15

APPENDIX A

RENEWALS FIGURES 2014/15

Company/Policy	2013/14	2014/15	+/-
	£	£	£
Risk Management Partners			
- Cross Class (Liability & Motor)	448,939	449,164	+225
- Officials Indemnity	47,500	47,500	-
- PA/Travel/School Journey	19,453	16,236	-3,217
- Crime – Fidelity Guarantee	40,000	40,000	-
- Terrorism	82,150	70,750	-11,400
- Computer (Mainframe)	3,680	3,680	-
Gallagher Bassett			
- Claims Handling Costs	103,425	88,015	-15,410
Zurich Municipal Insurance			
- Property	415,916	347,461	-68,455
- Engineering	38,648	38,787	+139
- Marine	3,403	6,127	+2,724
Totals	1,203,114	1,107,720	-95,394