

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

28 FEBRUARY 2017

REPORT OF THE HEAD OF FINANCE AND SECTION 151 OFFICER

RENEWAL OF INSURANCE COVER

1. Purpose of Report.

- 1.1 The purpose of this report is to seek approval for the renewal of the Council's insurance programme and to authorise Marsh UK Ltd, as the Council's appointed insurance broker, to accept cover for the full range of policies, on behalf of the Council.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 The Council must manage its finances carefully and in a way that enables resources to be directed at spending priorities and the delivery of core services. The purchase of insurance is part of careful financial and risk management.

3. Background.

- 3.1 Whilst the Council's insurance cover is subject to long term agreements with providers, the Council is required each year to agree annual premiums and associated claims handling costs for each policy. This is carried out by Marsh UK Ltd, who were appointed as the Council's insurance broker in 2013 until summer 2017, when the contract will be retendered. The outcome of the renewal negotiations are shown in paragraphs 4.1 to 4.8.

4. Current situation / proposal.

- 4.1 The annual insurance negotiations have been undertaken and net premiums are detailed below:

Table : Annual Insurance Costs

Policy	2016-17 £	2017-18 £	Year on Year Change £	Year on Year change %	Insurer
Material Damage	353,646	358,066	4,420	1.25	Zurich Municipal
Personal Accident & Travel	7,660	7,764	104	1.36	Zurich Municipal
Engineering Insurance	3,400	4,752	1,352	39.76	Zurich Municipal
Engineering Inspection	25,598	28,567	2,969	11.59	Zurich Municipal
Combined Liability	216,700	218,860	2,160	0.99	QBE (Via RMP)
Liability Claims Handling	30,230	31,769	1,539	5.09	Gallagher Bassett
Professional Indemnity	6,600	6,600	0	0	QBE (Via RMP)
Fidelity Guarantee	24,000	24,288	288	1.20	QBE (Via RMP)
Motor and ULR	121,685	118,350	(3,335)	(2.74)	QBE (Via RMP)
Computers	9,729	9,623	(106)	(1.09)	RSA
School Offsite Activities	22,403	20,557	(1,846)	(8.24)	ACE/Chubb
Youth Offsite Activities	500	500	0	0	ACE/Chubb
Terrorism	10,675	9,985	(690)	(6.46)	Marsh
Medical Malpractice	2,496	2,496	(0)	0	Marketform
Porthcawl Harbour	613	826	213	34.74	Allianz
Total	835,935	843,003	7,068	0.84	

- 4.2 Liability Claims Handling fees are based on estimated claims numbers.
- 4.3 The material damage premium has increased following a revaluation of properties which led to an increase in the overall sum insured.
- 4.4 Despite an increase in the number of vehicles insured on a comprehensive basis (rather than third party liability only) the motor premium has decreased due to a good claims experience.
- 4.5 The Motor and Uninsured Loss Recovery costs include claims handling by Gallagher Bassett.
- 4.6 Terms for the Medical Malpractice policy have not yet been received, but it is anticipated that they will be the same as 2016-17. The figure is included in 4.1 above for the purposes of comparison.
- 4.7 The premiums are net figures and other than Engineering Inspection, claims handling and part of the Terrorism insurance, are subject to 10% Insurance Premium Tax. This is an increase from 9.5% in 2016-17. The Engineering Inspection, claims handling and part of the Terrorism insurance are subject to VAT. The total tax liability for Insurance Premium Tax is £78,017 which is an increase of £2,294 from 2016-17.
- 4.8 The total spend on premiums across all insurance policies and claims handling arrangements in 2017-18 is £843,003 compared to £835,935 in 2016-17.

5. Effect upon Policy Framework & Procedure Rules.

5.1 There is no direct effect upon the Policy Framework & Procedure Rules.

6. Equality Impact Assessment

6.1 There are no equality implications.

7. Financial Implications.

7.1 These are reflected in paragraph 4.8 above with the costs being met from the existing insurance revenue budget.

8. Recommendation.

8.1 That Cabinet approves the acceptance of the quotations in paragraph 4.1 and the renewal of the insurance programme through Marsh UK Limited as the Council's appointed Insurance Broker.

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10 February 2017

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Background documents

The Risk Management & Insurance Section has both the renewal report from Marsh UK Limited and the renewal quote provided by Zurich Municipal.