

Report to Cabinet
26 March 2014
Report of Chief finance officer
Subject Placement of insurance contracts

Item

17

KEY DECISION

Purpose

To consider the outcome of a tender process for the council's insurance arrangements and to consider the appointment of new insurance providers.

Recommendation

To:-

1. approve the renewal of the council's insurance arrangements as set out in this report; and
2. delegate authority to the chief finance officer and executive head of business relationship management in consultation with the deputy leader and resources portfolio holder to award the contracts following final negotiations upon terms.

Corporate and service priorities

The report helps to meet the corporate priority value for money services.

Financial implications

The cost of this contract over a 5 year agreement for the provision of insurance is estimated at £3.6m. Contract price certainty is not available due to the likely changes in council's asset values, shape and size of the council.

Ward/s: all

Cabinet member: Cllr Alan Waters, deputy leader and portfolio holder for resources

Contact officers

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Mark Greenall, LGSS Insurance manager 01223 699112

Background documents

Invitation to tender document and market responses

All documents available via LGSS Insurance.

Report

Background

1. The council's current insurance contracts expire on 31 March 2014. In order to ensure continuity of insurance cover, LGSS has managed a tender process for the renewal of insurance contracts on behalf of the council.
2. The existing insurance arrangements cost approximately £541,000 per annum. A thorough review of the insurance purchased by the council has been undertaken and LGSS have specified some changes in the insurance cover sought to ensure consistency within the insurance cover for properties and also robust protection for the council.
3. Approval for delegated authority to the chief finance officer and executive head of business relationship management to make an award is now being sought.

Tender process and evaluation

4. The tender has been run using the Crown Commercial Services (CCS) Insurance Framework (RM958).
5. The tender document was issued to 19 suppliers who are listed on the framework having tendered to be listed on the framework and met the CCS service, cover, quality and financial requirements.
6. Tenders were returned by four suppliers, the existing council insurer (Zurich) and 3 others, namely Risk Management Partners (RMP), Ecclesiastical and Chubb. Of the four tenders only two tenderers provided quotations to insure the whole of the council's insurance programme (Zurich and RMP), the other two quoting on specific policies of insurance within the programme.
7. The tenders were evaluated on behalf of the council by LGSS and the appointed insurance broker, Marsh Limited. Scoring was split in terms of price and quality, with scoring split 60% price, 40% quality.

Evaluation results

8. Following the scoring methodology the following insurance options are available to the council following this tender;
9. Insurance placed with the winning bidder on the basis of a three year agreement with the option to extend at the end for a further two years. All policy excesses remain as they are currently. The premium per annum for this arrangement is £769,940
10. Insurance placed with the winning bidder on the basis of a 5 year agreement with an increase in the liability insurance excess to £100,000, from the current £62,500. The premium per annum for this arrangement is £715,870. The additional average financial exposure to the council of the increased excess is estimated at £14,715, this has been calculated using 10 year liability claims experience. The increased exposure for the worst year in 10 was £50,000.
11. Cabinet are advised that neither option places all the insurance policies with

one provider, the programme is split with policies being placed with the winning bidder for each area of insurance.

12. As there are still elements of the tenders that require final clarification approval is sought from cabinet to delegate to the chief finance officer and executive head of business relationship management the authority to award the contracts once final negotiations are complete.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	26 March 2014
Head of service:	Caroline Ryba
Report subject:	Placement of Insurance Contracts
Date assessed:	17 March 2014
Description:	Placement of Insurance Contracts

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment
Positive
Negative
Neutral
Issues