

Agenda Item

Executive Board

4 July 2007

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Insurance Tender 1 October 2007

Summary

The Councils' insurance brokers (Marsh) have recommended that the Council retenders its insurance arrangements rather than extend for an additional 2 years under the existing contract option. This recommendation has been made as a result of current market conditions and should generate significant budget savings

Recommendation

Upon receipt of the Insurance Tenders delegated power is granted to the Corporate Director Economy and Portfolio Holder Resources, to appoint the successful provider.

a) Reasons for Recommendation

To meet the proposed deadline it is necessary to provide the Corporate Director Economy and Portfolio Holder Resources with delegated authority.

b) Alternative Options

Extend current agreement for two years as per current terms or self insurance.

c) Risk Considerations

The Council may not be minimising its insurance premium cost by delaying the award of a new contract.

d) Policy and Budgetary Considerations

Existing insurance premium totals £391,000, tendering will hopefully, deliver sufficient budget savings

e) Date for Review of Decision

Approximately 2 ½ years into new contract.

1 Introduction

The Council currently insures all of its major assets (eg building, plant equipment, vehicle plus liability covers – public and employees) with Zurich Municipal. Our existing insurance contract is for 3 year term with the provision that this can be extended, through negotiations by a further two years. However, independent advice, confirmed by our Brokers, states that now would be a good time to tender for this service due to prevailing market conditions. Appendix 1 shows our current arrangements. The 3 year contract period runs to 30th September 2007.

2 Broker Information

Marsh are the Authorities independent intermediaries and risk consultants who have been authorised to represent and assist the Authority in all discussions and transactions with insurers relating to insurance issues – renewal planning, submit market presentation, terms, placement, post placement, general advice and risk consulting services. Marsh is authorised and regulated by the Financial Services Authority (FSA).

3 Broker Recommendation

Marsh has made the recommendation that the Authority tender this year and do not extend for the additional 2 year option as per the current long-term agreement. This decision was based on the current market, which is considered to be a “soft” environment, and combined with the good claims experience of the Authority, significant savings should be achieved.

4 Timetable for the Tendering Process

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| ◆ The renewal process starts with the gathering of risk data and reviewing current insured liabilities. | June/July |
| ◆ Compiling Broker Presentation | 2 July |
| ◆ Market Presentation made | 23 July |
| ◆ Market response by (Tenders received) | 17 August |
| ◆ Marsh submit their recommendation | 31 August |
| ◆ Authority to consider recommendation - Economy Director and Portfolio Holder | Early September |
| ◆ Successful insurers notified, allowing 10 day standstill period | September |
| ◆ Renewal | 1 October |

The Executive Board Meeting dates of 1st August, 29th August and 26th September do not coincide with the above tendering process dates, which necessitates the requirement to request delegated authority to proceed.

Legal Implications

There are no legal implications contained in this report.

Financial Implications

As stated within the report.

Consultation on Reports to the Executive

None

Background Papers

- Pre-tender meeting held 15 May 2007
- Letter of engagement with Marsh Ltd