

REPORT TO: Executive Board Sub Committee

DATE: 26 May 2011

REPORTING OFFICER: Operational Director – Finance

SUBJECT: Insurance Tender

WARDS: Borough-wide

1.0 PURPOSE OF THE REPORT

- 1.1 The Council's insurance programme was subject to a long term agreement with Zurich Municipal (other than Personal Accident / Travel cover placed through Maven/Ace), which expired on 31 March 2011. It was therefore necessary to conduct a formal insurance tender exercise ahead of 1 April 2011 in order to comply with the requirements of the EC Procurement Directive and the Council's Procurement Standing Orders.
- 1.2 A tender exercise has been conducted under EC Procurement Procedures. A contract notice was published in OJEU on 29 September 2010. The tender was conducted using negotiated procedures and tender documents were provided to potential bidders on 23 December 2010.
- 1.3 In accordance with Procurement Standing Order 2.11, the Operational Director – Finance has accepted the successful tenders. This report is for information purposes.

2.0 RECOMMENDATION:

Members are asked to note:

- 1. that the tenders have been accepted;**
- 2. the names of the various tenderers;**
- 3. the amounts of the tender figures; and**
- 4. the changes to the Council's insurance programme.**

3.0 SUPPORTING INFORMATION

- 3.1 The tender evaluation process was undertaken in consultation with Council's appointed insurance broker, Aon. The structure of the programme was reviewed as part of the tender preparation process to ensure that it was aligned with current and future business needs. This resulted in a decision being taken to self-insure some minor risks including theft, deterioration of stock and some items of 'all risks'.

3.2 The response from the market was in line with expectations and a robust evaluation of the responses was undertaken with tenders evaluated on the basis of price and quality.

3.3 The tenders received were as follows:

- Risk Management Partners – Full programme
- Travelers – Full programme excluding Personal Accident / Travel, School Journey and Engineering
- Zurich Municipal – Full programme excluding Personal Accident / Travel
- QBE – Motor
- Aviva – Property, Motor, Engineering
- Maven / Ace - Personal Accident / Travel and School Journey / Excess Liability

3.4 A tender was also received from Royal & Sun Alliance after the quotation deadline and was therefore disqualified from the evaluation.

3.5 Following the tender evaluation, comparable premium costs for the Council's entire insurance programme are outlined below:

- Zurich Municipal / Maven package £1,021,287
- Travelers and other packages £901,323
- Risk Management Partners package £948,128

3.6 In accordance with Procurement Standing Order 2.11, the Operational Director – Finance has accepted the following tenders:

Company	Classes of Insurance	Premium
Travelers	Property Damage Business Interruption Money All Risks Works in Progress Fidelity Guarantee Employers' Liability Public Liability Officials' Indemnity Libel & Slander Land Charges Public Health Act Motor / Leased vehicles Computer	£851,002
HSB Engineering Insurance	Engineering inspection / insurance	£29,176
Risk Management Partners	Personal Accident / Travel and School Journey	£21,145
Total		£901,323

NB – All premiums are shown net of Insurance Premium Tax.

- 3.7 The contracts have been awarded on a three year basis with an option to extend for a further two years. Under the contract with Travelers the Council will also receive five free risk management consultancy days each year.
- 3.8 Subsequent to awarding the tenders, the following amendments have been made to the Council's insurance programme:

Class of Insurance	Change in Cover	Additional Cost
Terrorism	No previous cover in place Sum now insured is up to £150M for any one occurrence	£25,500
Employer's Liability	Increase sum insured from £25M to £30M	£1,900
Public Liability	Increase sum insured from £25M to £30M	£4,275
Officials' Indemnity	Increase sum insured from £1M to £5M	£3,800
Statutory pollution clean up	£1M limit	£2,423
Returning Officers Elections cover	£5M with nil excess	£1,188
Total		£39,086

4.0 POLICY IMPLICATIONS

There are no direct policy implications arising from this report.

5.0 FINANCIAL IMPLICATIONS

- 5.1 A forecast saving from the tender exercise of £70,000, which was accepted as part of the 2011/12 budget savings proposals, has been achieved.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

- 6.1 There are no direct implications for the Council's priorities arising from this report.

7.0 RISK ANALYSIS

- 7.1 A decision has been taken to self-insure some additional risks. This additional exposure is to be mitigated by an increased contribution to the Council's Insurance Fund.

7.2 Additional insurance cover has been taken out to protect the Council in regard to property damage as a result of terrorism. The sums insured for public liability, employer's liability and officials' indemnity have all been increased to reduce financial risk to the Council.

7.3 The tender evaluation process has taken account of the experience and quality of the tenderers. This provides assurance that the successful tenderers, whilst new to Halton, have appropriate expertise in providing insurance and other services to local authorities.

8.0 EQUALITY AND DIVERSITY ISSUES

None identified

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None