

Subject:	RENEWAL OF INSURANCE COVER FROM 29 APRIL 2018 TO 28 APRIL 2020
Date:	17 April 2018
Decision to be taken by:	Councillor Michael Conolly, Portfolio Holder for Corporate Resources and Performance
Report of:	Colin Cook, Head of Corporate Services
Portfolio Holder:	Councillor Michael Conolly, Portfolio Holder for Corporate Resources and Performance
Decision type:	Key Decision
Call in to be suspended:	No
Classification:	Unrestricted
Delegated Authority:	Paragraph 12 of Section 3C (General Responsibilities Delegated to all Members of the Executive) of Part 3 (Responsibility for Functions) of the Constitution
Purpose of the report:	To extend the existing contract for insurance cover with Zurich Municipal and other AON insurance providers.
Recommendation:	That the Council extends the contract for insurance cover with Zurich Municipal and other AON insurance providers for a further two years.

1. Summary

- 1.1 The Council has an existing three-year contract with Zurich Municipal to provide insurance cover which expires on 29 April 2018. There is an option to extend this contract for an additional two years. The alternative is to go through a re-tendering exercise to seek a new insurance provider.

2. Introduction and Background

- 2.1 Zurich Municipal was appointed as the Council's insurance provider in April 2015 following a full Public Contracts Regulation compliant tender exercise. The contract was for three years from 29 April 2015 to 28 April 2018. Within the contract there is an option to extend the arrangement for a further two years without having to go through a re-tendering exercise.
- 2.2 Advice received from the Council's insurance Broker AON, based on the insurance market, recommended that we extend our contract for a further two years. Additionally we have been provided with a good service from ZM so have no real need to change providers.
- 2.3 ZM have provided proposals for revised insurance premiums showing a discount of 12% on the base insurance package. This equates to an annual saving of £37,710.
- 2.4 There are a small number of AON insurance covers for personal accident, computer, fine art and terrorism that are provided by other insurance companies as they can

offer these at a better price than ZM. If these contracts for insurance are extended for a further two years annual premium savings of £1,996 will be achieved.

3. Financial Implications

- 3.1 The current insurance costs and the savings achieved by extending existing arrangements are shown in the table below:

Insurance Providers	2017 Annual Premiums	2018 Annual Premiums Excluding Discount	2018 Annual Premiums Revised Premiums	Savings on Annual Premiums Chargeable
Zurich Municipal Policies	£413,082	£428,920	£391,210	£37,710
AON Policies	£23,564	£25,741	£23,744	£1,996
Total	£436,646	£454,661	£414,954	£39,707

4. Identification of Options

- 4.1 Accept the reduced premiums offered by the Council's insurance providers and gain a reduction of £39,707 per annum.
- 4.2 Undertake a re-tendering exercise and accept the resultant premiums.

5. Evaluation of Options

- 5.1 Option 1 is recommended as this provides the Council with some assurance of the next two years' premiums and the savings achieved.
- 5.2 Option 2 is not recommended as there is no guarantee that the premiums achievable from a re-tendering exercise would give rise to the same level of savings as achieved from Option 1. Also, if a retendering exercise was to be carried out this would require an extension of the existing insurance contracts for at least a three-month period which would be charged at existing non-discounted rates.

6. Corporate Implications

- 6.1 Comment from the Section 151 Officer: Finance has been consulted and has nothing further to add. (VB)
- 6.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.
- 6.3 Comment from the Equalities Officer: This report does not specifically highlight any equality implications, however in discharging their responsibilities members are required to comply with the public sector equality duty as set out in section 149 of the equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>

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