

CITY OF PLYMOUTH

Subject: Award of Insurance Contracts

Committee: Cabinet

Date: 8 March 2011

Cabinet Member: Councillor Bowyer

CMT Member: Director for Corporate Support

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Ref: CRM/MJH

Key Decision: Yes

Part: I

Executive Summary:

Long Term Agreements in respect of current insurance contracts expire on 31 March 2011 and tenders have been invited for renewal of all policies from 1 April 2011. This contract award follows a formal tender conducted on the Council's behalf by its appointed brokers, Heath Lambert, and in accordance with European procurement regulations and applicable E.U. law. For reasons of commercial confidentiality, the full financial details of the proposed contract award are included within a separate Part II Report.

Corporate Plan 2010/2013 as amended by the four new priorities for the City and Council:

Ensuring that adequate insurance cover is in place to protect the Council's assets and minimise its liabilities will ensure the Council maximises its financial resources to meet corporate objectives.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land:

The tender exercise has produced savings of £408,469 against the 2011/12 insurance budget of which an amount of £250,000 will need to be earmarked to

meet the potential increased costs of claims as a result of assuming a higher excess on the liability programme. This increase in contribution will also need to be maintained in subsequent years subject to annual review of the adequacy of reserves and provisions. This will leave a net saving of £158,469, an element of which will accrue to the schools budgets.

Other Implications: e.g. Section 17 Community Safety, Health and Safety, Risk Management, Equality Impact Assessment etc.

The Council's insurance placement decisions form an integral part of the overall Risk Financing Strategy that minimises the impact of insurable losses.

Recommendations & Reasons for recommended action:

Cabinet is recommended to:

1. approve the award of insurance contracts with the following insurance companies for three years with an option for the Council to extend for a further two subject to market conditions:
 - Property.....Travelers Insurance Company Ltd
 - Museum All Risks....Hiscox
 - Liability.....Chartis
 - Motor.....Zurich Municipal
 - Engineering..... Zurich Municipal
 - Miscellaneous.....Chartis

2. approve the transfer of £250,000 of the total saving to the Insurance Reserve for 2011/12 and in subsequent years subject to annual review of the adequacy of reserves and provisions.

Reasons

All tenders received by bidding insurers were evaluated on the basis of detailed contract award criteria and weightings based on price and quality and service standards.

Based on extensive evaluation, the proposals from the insurance companies recommended above represent the best value for the Council having regard to the most cost-effective mix of externally placed insurance and self-retained risk. Full details of the structure of each of the insurance programmes within the above categories are provided in the Part II Report.

Alternative options considered and reasons for recommended action:

The tender process identified a range of alternative insurance solutions and the evaluation process scored each proposal on the basis of the total cost of risk to the

Council. The final recommendations being proposed are therefore on the basis of the most cost-effective insurance package available.

Background papers:

Plymouth City Council Invitation to Tender for Insurance Contracts 2011
2011 Insurance Tender Evaluation Report – Heath Lambert

Sign off:

Fin	SW CorpF 910010	Leg	DS 10948	HR		Corp Prop		IT		Strat Proc	
Originating SMT Member: Tim Howes, Asst Director, Democracy & Governance											