



DECISION PAPER

DECISION: 2019/50	DATE: 20 FEBRUARY 2020										
TITLE: RENEWAL OF INSURANCE FOR THE OFFICE OF THE POLICE AND CRIME COMMISSIONER											
REPORT BY: STEVE FREEMAN, CHIEF FINANCE OFFICER											
Executive Summary The Police and Crime Commissioner's current insurance arrangements expire on 31 st March 2020. Lancashire is one of eight commissioner and force areas involved in a joint procurement exercise as part of the Northern Police (Insurance) Consortium. This report sets out the results of the tender and the proposed award following the detailed evaluation exercise that has taken place.											
Recommendation The Police and Crime Commissioner is asked to; <ul style="list-style-type: none">Award contracts as listed below: <table border="1"><tr><td>Lot 1 Property</td><td>QBE via Risk Management Partners</td></tr><tr><td>Lot 4 Crime / Fidelity Guarantee</td><td>Zurich Municipal</td></tr><tr><td>Lot 5 Personal, Accident and Travel</td><td>QBE via Risk Management Partners</td></tr><tr><td>Lot 6 Engineering Services</td><td>HSB via Risk Management Partners</td></tr><tr><td>Lot 7 Combined Liability & Motor</td><td>QBE via Risk Management Partners</td></tr></table> <ul style="list-style-type: none">Note that the total premium (excl vat) for the initial 12 months cover is £1,043,942 and that this excludes Motor Uninsured Losses, Airside Liability & Terrorism which are being dealt with separately and will be the subject of a separate report.		Lot 1 Property	QBE via Risk Management Partners	Lot 4 Crime / Fidelity Guarantee	Zurich Municipal	Lot 5 Personal, Accident and Travel	QBE via Risk Management Partners	Lot 6 Engineering Services	HSB via Risk Management Partners	Lot 7 Combined Liability & Motor	QBE via Risk Management Partners
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Signature <i>23rd February 2020</i> Police and Crime Commissioner <i>Clive Grunshaw</i> Date											

PART II

1. Background and Advice

1.1. Current Arrangements

The insurance programme for the Police and Crime Commissioner expires on 31st March 2020. A tender exercise was last conducted in 2015 and the Commissioner agreed to award insurance arrangements on a three year long term agreement from April 2015.

The Commissioner has a contract with Arthur J Gallagher (AJG) to provide insurance brokering services.

1.2. 2020 Tender Exercise

Lancashire is a member of the Northern Police Consortium (NPC), which is a group of eight Police Force Areas from across Northern England, North Wales and the Midlands, who work together on matters of common interest regarding insurance. AJG are appointed as insurance brokers to all NPC members. The role of AJG is to assist the members working together on future projects, such as buying insurance cover collectively.

NPC members have been involved in a joint procurement exercise involving eight forces to procure insurance arrangements on a three year long term agreement with the option to extend for up to two years covering a maximum term of five years starting from 1st April 2020.

1.3. Evaluation

The insurance programme was split into seven Lots. Expressions of interest were received from 18 organisations of which nine submitted formal tenders. As part of the process it was agreed that North Wales Police would undertake the role of procurement lead for the NPC.

The evaluation panel was made up of representatives from AJG, North Wales as Procurement Lead and members of the NPC. A Tender Debrief report produced by AJG was produced and this is available should further information be required. A summary of the scores showing the outcome of the evaluation is also available, if required.

The following points should be noted:

- **Premium Volume Discounts**

In the tender, Insurers were asked to indicate whether they would offer volume discounts if the total premium spend is placed against all lots and all member forces. If the recommendations of the brokers, AJG, are accepted, a volume discount of circa £53,407 per annum will be received by Lancashire.

- **Low Claims Rebate – Motor Vehicles**

A Fleet Scale Bonus is currently available to Lancashire and will continue with the proposed award of the motor insurance. Providing the claims situation meets the Loss Ratio of 0%, a refund of 2.5% of the premium can be recovered.

- **Low Claims Rebate – Property**

A Low Claims adjustment is currently available to Lancashire and will continue with the proposed award of the property insurance. Providing the claims situation meets the criteria of 'Nil claims' during the policy year, a refund of 5% of the premium can be recovered.

The cost of the premiums for the five lots awarded through the tender process is £1.043m, an increase in premium of £192k compared to 2019/20. All force areas in the NPC are facing an increase in premiums, due to the current state of the insurance market.

In addition, premium increases have also affected Employers & Public Liability insurance and is reflective of risk and pricing pressures in the Insurance Market generally and in the blue light sector resulting in price increases.

2. Links to the Police and Crime Plan

The securing of insurance protection is key to the delivery of operational policing and therefore supports the delivery of frontline policing as determined by the Police and Crime Plan and the Chief Constable's Strategic Strategy.

3. Consultations

4. Implications:

a. Legal

There are no legal implications directly arising from this report

b. Financial

The increased cost of £192,000 for the annual insurance premiums as set out above is reflected in the approved revenue budget for 2020/21.

c. Equality Impact Assessment

There are no direct equality implications in the making of this decision.

d. Data Protection Impact Assessment

There are no direct Data protection implications in the making of this decision.

5 Risk Management

Arranging insurance protection against claims or losses is an important part of the Commissioner's risk financing strategy. Without insurance cover, the Commissioner would have to meet the cost of such claims or losses entirely from own resources, whereas arranging insurance cover means that the Insurers meet such costs in return for the agreed premium payable.

Approving the recommendations set out above will allow a suitable insurance programme to be put into place in time for 1st April 2020, and ensure continuity of insurance protection.

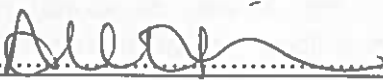
6. Background Papers

None

7. Public access to information

Chief Executive Officer (Monitoring Officer)

I have been informed about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner for Lancashire.

Signature..........Date.....24.2.20.....