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## INSURANCE

### Purpose

1. This paper informs the committee of the current insurance process utilised by the PCC and the Chief Constable and then updates the committee on future developments.

### Current Insurances

2. The Force currently secures insurances via the broker Marsh. Marsh has been the Forces broker for over 10 years and charges an annual fee of £14,000 for this service. Within this fee they let tenders for insurances and provide general advice to the PCC and Force on insurance/risk management issues.
3. In recent years the Force with Marsh's assistance has analysed its claims history so as to identify the most effective level of insurance. The Force's good claims history has led to the Force becoming increasingly 'self insured' having high excess payments. This reduces overall costs and delivers Value for Money.
4. The table below gives an example of the insurances held and the excess.

Insurance	Excess	Premium
Material Damage	£2,500	£25,000
Terrorism (incl. Computers)	£2,500	£21,000
Combined Liability (Public/Employers)	£150,000	£148,000
Personal Accident	-	£5,000
Fidelity	£50,000	£4,000
Airside Liability	-	£1,000
Motor Fleet	£100,000	£68,000

5. Most areas have an aggregate cap, for instance in Motor if total payments exceed £735,000 then the insurance company reimburses all additional costs. This limits the total risk held.

### Future Developments

6. Over the last year discussions have taken place with other forces in the region to see if there is any benefit in procuring broker and insurances together. Whilst some concerns do exist forces in the South East have achieved savings by collaboration.
7. Based on this desire the South West Police Procurement Department (SWPPD) has been asked to look into opportunities. They have suggested that the first action would be to secure one broker for the 4 forces (Avon and Somerset are currently not included due to the South West One partnership).
8. A new framework contract has recently been let by the government for broker services. Utilising this PCCs and forces have agreed to a mini competition process to

appoint a new broker by September 2014. This new broker would then advise on the 2015 insurances.

9. Experience from the South East collaboration is that partnership on insurances takes time to develop to give all parties the trust that they are receiving value for money. It is common for parties to think their claims history is the best and that they may suffer from joining together. These views and perceptions have been broken down successfully in the South East but it has taken a period of time.

### **Risks**

10. Insurances are a form of risk transfer. By undertaking reviews on claims history we have set excess levels that ensure Value for money is achieved in the process.
11. The perceived risk of joint insurance is detailed in paragraph 9. By following the South East collaboration process and ensuring stakeholders are fully involved it is expected that we can successfully manage this risk.

### **Conclusion**

12. The committee is asked to note the current position on insurance and the collaboration opportunities.

**Clive Barker**

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