
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. In 2014 it won a regional tender to supply services to four of the south west forces. The fee is £6,000 per annum. Further specific services can be purchased at fixed costs. Within the fee they let our 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 levels. This reduces overall costs and delivers Value for Money. This good claims history has resulted in rebates from our insurers with £14,000 received in 2011-12 and £15,000 forecast for 2012-13.
4. The table below gives an example of the insurances held and the excess.

Insurance	Excess	Premium
Material Damage	£2,500	£24,000
Terrorism (incl. Computers)	£2,500	£20,000
Combined Liability (Public/Employers)	£150,000	£165,000
Personal Accident	-	£5,000
Fidelity	£50,000	£4,000
Motor Fleet	£100,000	£71,000

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. Now 4 of the forces in the region are utilising one broker (Avon and Somerset are currently not included due to the South West One partnership), the region are in a better place to collaborate. We will be encouraging Avon and Somerset to contribute and join when possible.
7. The next step is to set a number of objectives on aligning insurances across the region. This will be via small steps in gathering data, identifying optimum 'excess' levels, standardising market data etc.

8. The long term objective will be for the region to go to the market together to tender for all 5 sets of insurances. This is expected to gain us economies of scale from insurers able to spread risk. This is a long term objective and before then we may have two or three forces going out together to test the experience. This will depend on current insurances and whether long term agreements are in place. To try and get momentum into the project Wiltshire has agreed to lead for the region.
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.

Conclusion

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

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