

Members' Library Service Request Form

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Originator	Karen McLeod
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Document Title	Contractors' All Risk Insurance - 1 July 2015

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Cabinet

Additional information:

Authorised By	Jim Lamond
Designation	Head of Council Resources
Date	01/07/15

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REPORT TO: Members' Library Service

DATE:

BY: Head of Council Resources

SUBJECT: Contractors All Risk Insurance – 1 July 2015

1 PURPOSE

To recommend decision for the Council's insurance policy for Contractors' All Risk Insurance in respect of refurbishment/extension to existing buildings which falls due for tender on 1 July 2015

2 RECOMMENDATIONS

Cabinet is asked to note the decision of the Head of Council Resources to approve the tender from HSB (via RMP) on the following terms:

	Premium	Excess per event	Annual Aggregate
HSB via RMP	£4,100.00	£5,000	NIL

All premiums exclude Insurance Premium Tax at 6%

The policy cover will be as per the existing policy. This is shown within background.

3 BACKGROUND

East Lothian Council currently has in place an insurance policy for works carried out in respect of existing buildings. The current policy expires on 30th June 2015. The Council's requirements were tendered via Public Contracts Scotland. The contract was requested for three years plus a further two year option.

The level of cover required and period of works is less than last year which has resulted in a reduced premium. The 2014/15 premium was £5,500 plus Insurance Premium Tax at 6%. Only one tender was submitted by the Council's existing insurer.

HSB's quotation is an annual deposit premium of GBP 4,100 plus 6% IPT on the basis of a GBP 5,000,000 Maximum Contract Price limit with a GBP 5,000 excess each and every loss

The Maximum Contract Period is 60 weeks in respect of any single contract

The deposit premium will be adjusted at the end of each period of insurance to reflect the declared turnover subject to a 75% minimum premium retention

The premium is based on the projected turnover of GBP 5,000,000 of contracts for which the Council is required to arrange insurance

The tender price is fixed for 12 months with an annual RPI adjustment thereafter. There is no rate guarantee provision offered within the quotation. Nor is there a low claims rebate

The tender specification outlined that quotations could be provided based on an alternative level of excess of GBP 50,000 each and every loss, however, the premium saving for taking the higher excess is only GBP 1,000.

4 COMMUNITY BENEFITS IN PROCUREMENT

Nil

5 EQUALITIES IMPACT ASSESSMENT

Information provided in tender document stating policy on equality

6 POLICY IMPLICATIONS

External Insurance is designed to protect the financial well-being of the Council in the case of unexpected loss, whilst achieving an appropriate balance between the cost of premiums and the risk the Council takes on under an insurance policy. Good risk management can help reduce reliance on external insurance so that cover is only required for major or catastrophic events. Insurance & Claims within Council Resources hold regular meetings with Risk Management and Health & Safety and will provide management information throughout East Lothian Council to identify the highest risks and costs of claims.

7 RESOURCE IMPLICATIONS

7.1 Financial – As stated in the report. Cost of insurance premiums is already budgeted with an inflationary increase being applied each year. The proposed premium costs associated with the new contract can be met within approved budget levels.

7.2 Personnel – No change to existing personnel.

7.3 Other – None known at this time.

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