

Members' Library Service Request Form

Date of Document	20/11/18
Originator	Head Of Communities & Partnerships Per Derek Oliver, Service Manager - Protective Services
Originator's Ref (if any)	
Document Title	Insurance Policies & Claims Handling Fee Renewals for the Period 1 October 2018 to 30 September 2019

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Authorised By	Sharon Saunders
Designation	Head of Communities & Partnerships
Date	21/11/18

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REPORT TO: Members Library Service



DATE:

BY: Head of Communities & Partnerships

SUBJECT: Insurance Policies & Claims Handling Fee Renewals for the Period 1 October 2018 to 30 September 2019

1 PURPOSE

To note the decision of the Head of Communities & Partnerships to renew the Council's insurances for the following policies which fell due for renewal on 1 October 2018:

Cross Class (Employers' & Public Liability, Pollution, Libel and Slander)

Motor Vehicle Insurance

Officials Indemnity

Professional Indemnity

Claims Handling Fee

2 RECOMMENDATIONS

2.1 Members are asked to note the decision of the Head of Communities & Partnerships under Section 15 of the Scheme of Delegation, Appendix 2 Section 4 to approve the renewal for each policy on the terms shown in Paragraph 3.4 below. Alternative quotations were provided, however, after discussion with the Council's broker, it has been recommended that alternative options are revisited in 2018.

2.2 Members should note that the above contracts were tendered in 2016 for three years, covering the period from 01 October 2016 to 30th September 2019, with an option to extend for up to two years to 30 September 2021. The tender process for renewal of these contracts will progress during the remainder of 2018 with a view to setting new terms in 2019.

3 BACKGROUND

3.1 East Lothian Council currently has in place a number of insurance policies for major perils. Policies are tendered every three to five years and are renewed annually. The Council self-fund's almost all property or liability losses with insurance cover only for critical losses. The bulk of the losses are met from the Council's Insurance Fund, the cost of which shall be apportioned to departments by exposure (value of assets, number of

employees, budget etc.) and weighted according to claims experience (number X value).

- 3.2 All insurance premiums, consultancy fees, administration costs, statutory inspections, negotiation and payment of claims and payment of legal expenses are paid from the fund.
- 3.3 While the Council has long term agreements in place with insurers in respect of premiums increase, any increases set by the Government are excluded from any agreements. All insurance premiums are subject to Insurance Premium Tax (IPT) of 12%. VAT applies to claims handling services.
- 3.4 Policy Renewal Premiums for the Period 01 October 2018 to 30 September 2019 are undernoted:

	2018/19 Insurance Provider	Annual premium excluding IPT/VAT	Annual premium Including IPT/VAT	Excess per event	Annual aggregate
Cross Class Employers' & Public Liability, Pollution Liability, Libel or slander	QBE via RMP	£130,300.00	£145,936.00	£75,000	£850,000#
Motor Fleet	QBE via RMP	£67,758.00	£75,888.96	£75,000	£164,485
Officials Indemnity	QBE via RMP	£29,470.00	£33,006.40	£75,000	£850,000#
Professional Indemnity	QBE via RMP	£7,260.00	£8,131.20	£75,000	£850,000#
Claims Handling Fee Based on 78 claims	Gallagher Bassett International	£24,216.27*	£29,059.52	N/A	N/A

** This contract is subject to vat but not insurance premium tax.*

This is one aggregate for these classes of insurance.

The total cost for the above including IPT but excluding VAT is £287,178.83.

- 3.5 The following table shows the premiums paid for the period 01 October 2017 to 30 September 2018 excluding IPT and also shows the

increase/decrease in payments during the period 01 October 2017 to 30 September 2018:

Policy	Insurance Provider	Payments 2017-2018 Excluding IPT	Year on Year (2017 – 2018) Differential
Cross Class Employers' & Public Liability, Pollution, Libel & Slander	QBE via RMP	£130,00.00	Nil
Motor Fleet	QBE via RMP	£69,552.00	-£1794.00
Officials Indemnity	QBE via RMP	£25,850.00	£3,620.00
Professional Indemnity	QBE via RMP	£6,600.00	£660.00
Claims Handling Fee (Deposit)	Gallagher Bassett International	£14,649.00	£9567.00

3.6 Policy Updates 2018 – 2019

3.6.1 **Cross Class Insurance:** The premium has remained the same since last year despite some larger claims over our policy excess which the insurer will have to meet.

3.6.2 **Motor Fleet:** The premium has decreased due to reduction in number & value of vehicles being insured including short term hires.

3.6.3 **Directors' & Officials Indemnity:** There is an increase in premium due to an increase in gross expenditure. This policy provides liability coverage for the errors and omissions of public officials, including Elected Members.

3.6.4 **Professional Indemnity:** This provides cover for providing incorrect information or recommendations by staff. The 2018-2019 premium has increased following more accurate information in respect of Fees and Services being available. The insurer has been informed of two potential claims which we have been made aware of. The insurer must be notified of any incidents reported prior to renewal. This is referred to as Incurred but not Reported (IBNR)

3.6.5 **Claims Handling Fee:** This is a deposit premium, adjustments to the premium are made at the end of each year. The cost quoted is based on the expectation of 76 claims being received (based on trend analysis). The number of personal injury claims the Council receives is increasing each year. As a condition of our Casualty insurance, these must be passed to an

appointed external claims handler. An adjustment is made at the end of each policy year by Gallagher Bassett for any increase/decrease in claims.

- 3.7 Through Gallagher Bassett, East Lothian Council has access to 15 risk control consultancy days to be used over the initial three year period of the Long Term Agreement, at no extra charge. The long term agreement lasts for up to five years but terms are only guaranteed for the first three years. A selection of Business Units based on claims analysis will be offered the opportunity to have risk reviews carried out in the next twelve months.

4 POLICY IMPLICATIONS

- 4.1 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. The Insurance & Claims Team within Protective Services holds regular meetings with Corporate Finance, Risk Management and Health & Safety and will provide management information throughout East Lothian Council to identify the highest risks and costs of claims.
- 4.2 The Insurance Act 2015 Act came into force in August 2016, it has a significant impact on disclosure obligations when taking out or renewing any business insurance. Under the new Act, If we don't comply with our duties, insurers have a new range of "proportionate remedies", which could include reducing claim payments significantly if it would have entered the contract on different terms such as a higher premium. If the breach was deliberate or reckless, the insurer can avoid the contract and keep the premiums paid by the insured. We have to disclose information known by senior management and by the individuals responsible for arranging the Council's insurance to our insurers in a "reasonably clear and accessible" manner. We must carry out a reasonable search for information, which could include making enquiries of people outside our organisation, such as external consultants.

5 INTEGRATED IMPACT ASSESSMENT

The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – As stated in the report. The cost of insurance premiums is already budgeted for with an inflationary increase applied each year for future premiums. The cost of insurance premiums is met from the Council's Insurance Fund budget and the 18/19 premium renewals can be met from existing budget provision.
- 6.2 Personnel – No personnel implications arising from this report.
- 6.3 Other – None known at this time.

7 BACKGROUND PAPERS

Appendix 1: Marsh Broker Renewal Report 2018

AUTHORS' NAME, DESIGNATION & CONTACT INFO	Karen McLeod, Insurance & Risk Officer Tel. 01620 827876 Email: kmcleod2@eastlothian.gov.uk Derek Oliver, Service Manager – Protective Services Tel: 01620 827286 Email: doliver@eastlothian.gov.uk
DATE	20 November 2018

EAST LOTHIAN COUNCIL



2018 RENEWAL REPORT – OCTOBER RENEWAL

SEPTEMBER 2018

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A Placement Authorisation Form has been appended to this report to facilitate the provision to us of your renewal instructions.

IMPORTANT INFORMATION

As previously advised, please remember that as an insured, you must act at all times with utmost good faith towards your insurers and Marsh and you must disclose to the insurer all information, facts or circumstances which are, or ought to be known to you and which are material to the risk. If you have any doubt whether information is a material circumstance, please call us to discuss.

EXECUTIVE SUMMARY

Our aim is to provide you with the insurance protection that you require; delivered by a team who are committed to delivering excellent service to you.

The purpose of this report is to detail the results of our renewal negotiations which are based on the information provided by you, together with the claims experience secured from insurers. In designing your insurance programme we have utilised our knowledge of your business which we have established since our appointment and verified with you during our pre-renewal discussion.

Your Renewal Objectives	Outcome
Programme Design:	<p>Renewal terms are as per the Report, with specific comments hereunder: -</p> <ul style="list-style-type: none"> • Combined Liability: - Albeit there are currently three claims, with reserves in excess of £100,000, we are pleased to advise that renewal is invited on the basis of expiring rating; • Officials Indemnity: - Renewal is invited on the basis of the expiring rating and the premium reflects the increase in gross expenditure declared. A No Claims Declaration form is attached for completion and return prior to 1 October 2018, otherwise a Retroactive date of 1st October 2018 will apply under the policy; • Professional Indemnity: - Fees declared under this policy have increased 40% over the past two years and this year's renewal premium has increased by 10% in recognition of the change in fees. As above, a No Claims Declaration form is attached for completion and return prior to 1 October 2018, otherwise a Retroactive date of 1st October 2018 will apply under the policy; & • Motor Fleet: - Renewal is invited on the basis of the expiring rate per vehicle and the updated number of vehicles. <p>The policy Long Term Agreements (LTA) expire on 30th September 2019 with an option to extend for a further two years.</p> <p>Relative to the Gallagher Bassett contract, there is allowance for an annual 5% increase in the claims handling fee, however, we are pleased to advise that for the 2018/19 period the uplift has been restricted to an average of 2.7%. The number of claims on which the deposit fee has been set is 76, up from 50 at renewal 2017.</p> <p>East Lothian Council have access to 15 risk control days to be used over the initial three year period of the LTA. Please note that no days have been utilised as yet.</p> <p>The Marsh Service is to remain on the existing basis, with our Fee as agreed in Letter of Engagement. Covers placed under the CCS Insurance Services Framework incur a management surcharge of 0.75% which is paid annually to the CCS by insurers from premiums charged.</p>
No alterations were required to the current insurance programme structure.	
No additional policies / cover required.	
Cover and Marketing Requirements:	
All policies to be renewed with the respective current insurer with the cover basis remaining unaltered.	
Marsh Service and Remuneration:	
Marsh service provision to remain unaltered.	
Remuneration of Marsh is to continue to be by way of an agreed fee.	

FINANCIAL SUMMARY

Premium Summary – GBP

Policy		2017 Renewal	2018 Recommendations	2018 Recommendations
Policy Name	Insurer	Renewal Premium excl. tax	Insurer	Premium excl. tax
Combined Liability	QBE via RMP	130,300.00	QBE via RMP	130,300.00
Professional Indemnity	QBE via RMP	6,600.00	QBE via RMP	7,260.00
Officials Indemnity	QBE via RMP	25,850.00	QBE via RMP	29,470.00
Motor Fleet	QBE via RMP	69,552.00	QBE via RMP	67,758.00
Total		232,302.00		234,788.00
Claims Handling	Gallagher Bassett	14,649.05		24,216.27

Important Notes:

- UK Insurance Premium Tax (IPT) @ 12% applies to all classes of insurance.

Premium Payment

Our terms of trade are that all premiums and fees are due for payment upon receipt of our invoice.

RENEWAL PROPOSITION

Combined Liability Policy

Current

Insurer(s)	QBE via RMP
Policy Number	Y083222QBE0116A
Renewal Date	1 st October 2018
2017 Renewal Premium – GBP (excl. tax)	130,000.00 Minimum and deposit

Recommended

Insurer(s)	QBE via RMP
Policy Number	Y083222QBE0117A
2018 Renewal Premium – (excl. tax)	130,300.00 Minimum and deposit

Key Estimates / Sums Insured

Based on wageroll not exceeding 100,177,566

Insured sections	Limit / Sub-limit of indemnity	Retention	Non-ranking excess	
A - Employers' Liability	Limit of indemnity – GBP 30,000,000 any one occurrence Including sub-limits of indemnity for:	GBP 75,000 any one claim	Nil any one claim	
	Offshore work			GBP 5,000,000 any one occurrence
	War and terrorism			GBP 30,000,000 any one occurrence

Insured sections	Limit / Sub-limit of indemnity		Retention	Non-ranking excess
B - Public Liability	Limit of indemnity – GBP 30,000,000 any one occurrence		GBP 75,000 any one claim	Nil any one claim
C - Products liability	Limit of indemnity – GBP 30,000,000 any one occurrence and in the aggregate		GBP 75,000 any one claim	Nil any one claim
D - Pollution liability	Limit of indemnity – GBP 30,000,000 any one occurrence		GBP 75,000 any one claim	Nil any one claim
E - Coverage extensions to B, C, and D	Hirers' liability extension	GBP 5,000,000 any one claim or series of claims arising out of any one occurrence	GBP 100 any one claim	Not Applicable
	Libel or slander (or defamation)	GBP 1,000,000 any one claim or series of claims and in the aggregate	GBP 75,000 any one claim	Nil any one claim
F – Premises environmental liability	Limit of liability – GBP 5,000,000 any one claim Including sub-limits of indemnity for:		GBP 75,000 any one claim	Nil any one claim
	Own clean up costs	GBP 5,000,000 each pollution condition		
	Third party liability	GBP 5,000,000 each pollution condition		
Retroactive date for Own clean up costs and Third Party liability: 01 October 2009				
Aggregate Stop Limit GBP 850,000				

Insured sections	Limit / Sub-limit of indemnity	Retention	Non-ranking excess
<p>The non-ranking excess means the first amount payable by the insured in respect of each and every occurrence, claim or potential claim including any defence costs made against the insured, and all such payments are excluded from this insurance. The non-ranking excess applies to any one claim and the meaning of “any one claim” is to be construed in accordance with the description given in the definitions of retention and series of claims in the policy. The limit of indemnity by this policy is additional to the non-ranking excess which shall stand at: GBP Nil</p> <p>In addition the insured will pay the first amount of any covered loss as retention but the maximum amount for which the insured is responsible during any one period of insurance in respect of all amounts payable as retention will not exceed the figure shown above as the Aggregate stop limit. The amounts payable as non-ranking excess will not contribute to the Aggregate stop limit</p> <p>Further the Aggregate stop limit under this policy is shared with and eroded in like manner by payments under the following coverages: Officials Indemnity – Policy Number - 037499/01/2017/0138 Professional Indemnity – Policy Number – 037803/01/2018/0129</p> <p>Upon exhaustion of the Aggregate stop limit the insurer will reimburse the insured for subsequent loss payments within this retention but the non-ranking excess will stand at: GBP 10,000 in respect of Officials Indemnity and Professional Indemnity only</p>			

Long Term Agreement

Expires 30th September 2019 with an option to extend for a further two years.

Renewal Terms

At last renewal insurers flagged that underwriters were monitoring the account due to the fact that claim number 011663-003033-GB-01, which at the time of the tender last year had been closed a Nil, was re-opened in July 2016 with a reserve of £278,000.00. The Proof on this case is set for 2019.

Since last renewal there have been a further two claims which are carrying reserves in excess of £100,000 where liability has been admitted:

011663-002915-EL-01 –Stress due to working conditions £160,000
 011663-003042-EL-01 –Back strain moving heavy equipment £122,000

Underwriters will continue to monitor the account in the light of the large losses over the next 12 months but meantime Insurers have invited renewal on the basis of the expiring rating. can confirm that renewal is invited on the basis of expiring rating and the premium remains as 2017.

Subjectivities

Terms are subject to no deterioration in the claim experience prior to 01 October 2018.

Onerous Clauses and Claims Notification Requirements

Claims to be notified without delay in line with claims handling agreement.

Renewal Recommended with QBE via RMP – Premium 130,300.00

Marsh have utilised Risk Management Partners to place this policy, as we can only access the recommended market via this route. Alternative options may be available, however generally these are via insurers who are not approved by Marsh. Information regarding the options available for this placement were discussed can be discussed.

The policy wording that will be used by QBE will be their Local Authority PPBL040315 as per the policy document number Y083222QBE0117A which has previously been issued to you.

Endorsements – as existing

Endorsement 001 – Legionella

The following amendments are made to the **policy**.

1. Clause 5.3.1 is amended to read as follows

5.3.1 Legionella

Notwithstanding exclusion 7.12, the **insurer** will indemnify the **insured** and any **other insured party** for all sums (including claimants' costs and expenses) which the **insured** becomes legally liable to pay in respect of any claim(s) first made against the **insured** and notified to the **insurer** during the **period of insurance** resulting from **legionella** causing **bodily injury, personal, injury damage or denial of access** except that the **insurer** shall not be liable for:

- a) any claims which arise out of any circumstances notified to previous insurers or known to the **insured** at the inception of this **policy**;
- b) any claims for **bodily injury** or **personal injury** arising from employment;
- c) any claims made against the **insured** for **legionella** where the **insured event** giving rise to the claim occurred prior to 01 October 2007.

Endorsement 002 – Election Officials

The **retention** stated in the **schedule** under **Insured sections A, B, C, D and E** is NIL in respect of any indemnity provided to any **Election official** at any **Election** held during the **period of insurance**.

Endorsement 003 – Musselburgh Racecourse

It is hereby understood and agreed that the indemnity provided under **Insured Section B & C** does not apply to any **claims** or liability arising from any horse racing events at Musselburgh Racecourse

Professional Indemnity

Current

Insurer(s)	QBE via RMP
Policy Number	037803/01/2016/0129
Renewal Date	1 st October 2018
2017 Renewal Premium – GBP (excl. tax)	6,600.00 Minimum and deposit

Recommended

Insurer(s)	QBE via RMP
Policy Number	037803/01/2016/0129
2018 Renewal Premium – (excl. tax)	7,260.00 Minimum and deposit

Key Estimates / Sums Insured

Insured sections	Limit / Sub-limit of indemnity	Retention
Professional Indemnity	Limit of indemnity- GBP 5,000,000 any one claim and in the aggregate Including sub-limits of indemnity for:	GBP 75,000 Each and every claim or series of claims
	Data Protection Act 1998	
Aggregate Stop Loss – as per Casualty combined		

Insured sections	Limit / Sub-limit of indemnity	Retention
<p>The non-ranking excess means the first amount payable by the insured in respect of each and every occurrence, claim or potential claim including any defence costs made against the insured, and all such payments are excluded from this insurance. The limit of indemnity by this policy is additional to the non-ranking excess which shall stand at: GBP Nil</p> <p>In addition the insured will pay the first amount of any covered loss as retention but the maximum amount for which the insured is responsible for each and every occurrence, claim or potential claim including any defence costs during any one period of insurance in respect of all amounts payable as retention will not exceed the figure shown above as the Aggregate stop limit. The amounts payable as non-ranking excess will not contribute to the Aggregate stop limit</p> <p>Further the Aggregate stop limit under this policy is shared with and eroded in like manner by payments under the following coverages: Combined Liability – Policy Number - Y083222QBE0118A Officials Indemnity – Policy Number – 037499/01/2018/0138</p> <p>Upon exhaustion of the Aggregate stop limit the insurer will reimburse the insured for subsequent loss payments within this retention but the non-ranking excess will stand at: GBP 10,000 in respect of Officials Indemnity and Professional Indemnity only.</p>		

Long Term Agreement

Expires 30th September 2019 with an option to extend for a further two years.

Renewal Terms

Terms are based upon professional fees not exceeding GBP 750,000

Over the past two renewals, fees have increased by 40% and with that in mind insurers are looking for an increase in the premium of 10%.

Subjectivity

- Terms are subject to no deterioration in the claim experience prior to 01 October 2018.
- Terms are subject to the satisfactory completion of a no claims declaration being returned prior to 01 October 2018; otherwise a retroactive date of 01 October 2018 will be applied to the policy

Onerous Clauses and Claims Notification Requirements

Claims to be notified without delay in line with claims handling agreement

Renewal Recommended with QBE – Premium 7,260.00

Minimum and deposit

Marsh have utilised Risk Management Partners to place this policy, as we can only access the recommended market via this route. Alternative options may be available, however generally these are via insurers who are not approved by Marsh. Information regarding the options available for this placement were discussed can be discussed.

The policy wording that will be used by QBE will be their Local Authority as per the policy document number 037803/01/2016/0129 which has previously been issued to you.

Endorsements – as expiry

Endorsement 001 - Professional Services

Professional Services shall mean:

Means all professional services (subject to endorsement 002) provided by the insured to a third party who is not under the jurisdiction of the **insured**;

a) for a fee and/or

b) which is given under a written contract or agreement

other than in respect of those activities which the insured has a statutory duty to perform.

Subject otherwise to the terms, exclusions and conditions of the policy.

Endorsement 002 - Notifiable professional Services Exclusion

Claims arising from the following Professional Services are excluded from coverage

- Environmental services
- Surveying or valuation work
- Treasury management services
- Architectural design
- Work or advice associated with any design and build contracts
- Civil engineering, mechanical engineering or electrical engineering
- Procurement
- Medical pharmaceutical or scientific work consultancy or testing
- Legal services
- Financial services
- Services provided outside the UK
- All contracts where the annual fee income received by the insured is in excess of GBP 200,000

Other than where agreed to in writing by the insurer

Subject otherwise to the terms, exclusions and conditions of the policy

Endorsement 003 – Retroactive Date

The **insurer** will not pay on behalf of the **insured** any sums which the **insured** shall become legally liable to pay as a result of any **wrongful act** arising or committed on or before 01 October 2016, other than in respect of the following professional services where the retroactive date is 01 October 2010. Financial Administration, Accountancy and Advisory Services, Collection of Premium on behalf of Insurers and other general insurance administration, Grounds Maintenance, Provision of Property Enquiry Certificates, Advice on contaminated land issues, Advice on Trading Standards issues, Planning Management and Administration, Consumer Protection, Building Standards and Provision of Architectural Services. All other terms, clauses and conditions remain unaltered.

**PROFESSIONAL NEGLIGENCE
NO CLAIMS DECLARATION**

Insured **East Lothian Council**

I declare that further to the Renewal Questionnaire / Tender Documents dated 6th August 2018 there have been no material changes to the information provided and I am not aware of any losses and/or circumstances likely to give rise to a claim.

Signature _____

Position _____

Date _____

In the event of claims/circumstances notified please provide full details

Officials Indemnity

Current

Insurer(s)	QBE via RMP
Policy Number	037499/01/2017/0138
Renewal Date	1 st October 2018
2017 Renewal Premium – GBP (excl. tax)	25,850.00 Minimum and deposit

Recommended

Insurer(s)	QBE via RMP
Policy Number	037499/01/2018/0138
2018 Renewal Premium – (excl. tax)	29,470.00 Minimum and deposit

Key Estimates / Sums Insured

Item	Sub/Limit of Indemnity	Retention	
Officials Indemnity	Limit of indemnity- GBP 5,000,000 any one claim and in the aggregate. Including sub-limits of indemnity for:	GBP 75,000 each and every claim or series of claims	
	Consumer Protection Act 1987		GBP 250,000 each and every claim or series of claims and for all claims in the aggregate during the period of insurance
	Data Protection Act 1998		GBP 250,000 each and every claim or series of claims and for all claims in the aggregate during the period of insurance
	Food Safety Act 1990		GBP 250,000 each and every claim or series of claims and for all claims in the aggregate during the period of insurance

Item	Sub/Limit of Indemnity		Retention
	Land charges	GBP 5,000,000 each and every claim or series of claims and for all claims in the aggregate during the period of insurance	
	Public Health Act	GBP 250,000 each and every claim or series of claims and for all claims in the aggregate during the period of insurance	
<p>Aggregate stop loss – as per casualty combined The non-ranking excess means the first amount payable by the insured in respect of each and every occurrence, claim or potential claim including any defence costs made against the insured, and all such payments are excluded from this insurance. The limit of indemnity by this policy is additional to the non-ranking excess which shall stand at: GBP Nil In addition the insured will pay the first amount of any covered loss as retention but the maximum amount for which the insured is responsible for each and every occurrence, claim or potential claim including any defence costs during any one period of insurance in respect of all amounts payable as retention will not exceed the figure shown above as the Aggregate stop limit. The amounts payable as non-ranking excess will not contribute to the Aggregate stop limit Further the Aggregate stop limit under this policy is shared with and eroded in like manner by payments under the following coverages: Combined Liability – Policy Number - Y083222QBE0118A Professional Indemnity – Policy Number - 037803/01/2018/0129 Upon exhaustion of the Aggregate stop limit the insurer will reimburse the insured for subsequent loss payments within this retention but the non-ranking excess will stand at: GBP 10,000 in respect of Officials Indemnity and Professional Indemnity only.</p>			

Long Term Agreement

Expires 30th September 2019 with an option to extend for a further two years.

Renewal Terms

The premium required for the coming period has increased by some 14% as a result of the increased gross expenditure (not exceeding GBP 360,199,000)

Subjectivity

- Terms are subject to no deterioration in the claim experience prior to 01 October 2018.
- Terms are subject to the satisfactory completion of a no claims declaration being returned prior to 01 October 2018; otherwise a retroactive date of 01 October 2018 will be applied to the policy.

Onerous Clauses and Claims Notification Requirements

Claims to be notified without delay in line with claims handling agreement

Renewal Recommended with QBE – Premium 29,470.00

Minimum and deposit

Marsh have utilised Risk Management Partners to place this policy, as we can only access the recommended market via this route. Alternative options may be available, however generally these are via insurers who are not approved by Marsh. Information regarding the options available for this placement were discussed can be discussed.

The policy wording that will be used by QBE will be their Local Authority PPAO020213 wording as per the policy document number 037499/01/2017/0138 which has previously been issued to you.

Endorsements – as expiry

Endorsement 001 - Pension Administration

Notwithstanding exclusion 2.4.24, the policy is extended to indemnify the **public authority** in respect of office administration tasks undertaken in respect of providing a pension scheme for **employees** for all sums which the **public authority** becomes legally liable to pay.

For the purposes of this extension office administration shall mean –

- a) Managing the addition and removal of members from the pension scheme.
- b) Answering enquiries by telephone, post or email.
- c) Using a computer system to look up information and update records.
- d) Calculating pension forecasts and preparing statements.
- e) Processing pension contributions.
- f) Transferring benefits to another pension provider if a customer changes employer.
- g) Arranging payment of pensions and lump sums.
- h) Keeping accurate records.

The minimum **retention** applicable to this extension will be GBP 100,000 each and every **claim** or series of **claims**; or as per the **policy** schedule whichever is greater.

All other terms, conditions and exceptions remain unchanged.

Endorsement 002 - Retention – Election officials

The **retention** stated in the **schedule** is NIL in respect of any indemnity provided to any **Election official** with regard to any **election** held during the **period of insurance**.

**OFFICIALS INDEMNITY
NO CLAIMS DECLARATION**

Insured **East Lothian Council**

I declare that further to the Renewal Questionnaire / Tender Documents dated 6th August 2018 there have been no material changes to the information provided and I am not aware of any losses and/or circumstances likely to give rise to a claim.

Signature _____

Position _____

Date _____

In the event of claims/circumstances notified please provide full details

Motor Policy

Current

Insurer(s)	QBE via RMP
Policy Number	Y113881FLT0117A
Renewal Date	1 st October 2018
2017 Renewal Premium – GBP (excl. tax)	69,552.00 Minimum and deposit

Recommended

Insurer(s)	QBE via RMP
Policy Number	Y113881FLT0118A
2018 Renewal Premium – (excl. tax)	67,758.00 Minimum and deposit

Key Estimates / Sums Insured

Item	Detail
Vehicles	491
Policy cover	Comprehensive
Excess	75,000 All Sections Accidental Damage, Fire, Theft, Windscreen and Third Party. Each and every loss
Aggregate Stop Loss	GBP 164,485 subject to a GBP 7,500 Non-Ranking Excess applying to the Own Damage section Adjustable at a rate of GBP 335 per vehicle in excess of 491
Driving Warranty	Any licensed driver with the permission of the policyholder

Item	Detail
Use	Own business, Social Domestic & Pleasure, Hire & Reward
Annual Adjustments	50% of GBP 138 per vehicle in excess of the vehicle/plant numbers shown above.
Other limits	Continuing Hiring Charges – GBP 10,000 Motor Accumulation – Limit GBP 2,000,000 Motor Trade Cover – Road Risk Only

Long Term Agreement

Expires 30th September 2019 with an option to extend for a further two years.

Renewal Terms

The rate per vehicle remains as expiring. The total premium required has reduced slightly as a result of the reduction in vehicle numbers.

Subjectivity

- No change in the claims experience or number of vehicles to be insured between the date of quotation and the policy inception date.
- Adherence to the Motor Insurers' Database and compliance with its deadlines.

Onerous Clauses and Claims Notification Requirements

Claims to be notified without delay in line with claims handling agreement

Renewal Recommended with QBE – Premium 67,758.00

Marsh have utilised Risk Management Partners to place this policy, as we can only access the recommended market via this route. Alternative options may be available, however generally these are via insurers who are not approved by Marsh. Information regarding the options available for this placement were discussed can be discussed.

The policy wording that will be used by QBE will be their Motor Fleet wording PRMP250518 which has been updated to include reference to the insurance Act. A copy of the wording is attached for information.



PRMP250518 RMP
Motor Fleet Insurance

The policy number allocated will be Y113881FLT0118A.

Claims Handling and Risk Control

Claims Handling

The terms of the claim management fee the Gallagher Bassett contract allows for an annual 5% increase in the claims handling fees, however, I am pleased to advise that for the 2018/19 period the uplift has been restricted to an average of 2.7%.

The number of claims on which the deposit fee has been set is 76, up from 50 at renewal 2017.



East Lothian Council
- Claims Handling Quc

Risk Control

As outlined last year East Lothian Council have access to 15 risk control days to be used over the initial three year period of the LTA. As no days have been utilised as yet it would be helpful if a discussion could take place as to how this useful resource can be best put to use.

MARSH SERVICE / REMUNERATION

Our goal is to provide a level of service to you that assures your satisfaction. In our pre-renewal pack issued to you on 30th July 2018 we provided a copy of our 'Terms of Engagement' which details the basis on which we provide our services to you, together with a copy of our 'Duty of Disclosure and Fair Presentation' and our 'Important Information for Marsh Clients' documents, which set out a number of your obligations.

In Appendix 1, we have provided you with a Letter of Engagement which documents the services that you will receive from us together with the basis on which we will be remunerated. We believe that the Schedule of Services details the services previously discussed and agreed with you and it is on this basis that our remuneration requirements have been based. This document should be read in conjunction with our 'Terms of Engagement' referenced above.

As part of our commitment to transparency, we require your written renewal / placement instructions. To assist you, we have provided you with a Placement Authorisation Form in the appendices, which summarises our recommended renewal premiums and re-confirms our remuneration, which you may wish to utilise for the provision of your instructions. Alternatively, you can email us with your instructions.

As per our Report, earlier this year, issued for the 1 July insurance renewals, we will continue to be remunerated by way of a fee. For the current period our fee is GBP 2,000.

In addition, Marsh receives 'UK Brokerage' on all UK based risk placements, which is retained by Marsh; the rate applicable for each policy is detailed within the Placement Authorisation Form.

APPENDIX 1: LETTER OF ENGAGEMENT / SCHEDULE OF SERVICES

21st September 2018

Karen McLeod
Insurance & Claims Officer
East Lothian Council
John Muir House
Haddington
East Lothian
EH41 3HA

Dear Karen

Engagement with Marsh Ltd

This letter (the Letter of Engagement), together with the Terms of Engagement, provided to you 20th April 2018, represent the agreement between us and you (the “Engagement”), under which we agree to supply the Services set out below. In the event of any difference between the Terms of Engagement and this Letter of Engagement, the relevant part of this Letter of Engagement shall take precedence.

1. Services

- 1.1 We will provide you with the services set out in the Schedule of Services (the “Services). Additional services may be available subject to the negotiation of separate payment (the “Additional Services”). The provision of Additional Services will be subject to the Terms of Engagement. Please speak to your usual Marsh contact for details of such services.

2. How we are Paid

- 2.1 You agree to pay us a fee for the Services. The fee shall be GBP 2,000 and shall apply to the following period:

From: 1st July 2018
To: 30th June 2019

- 2.2 In addition to the above fee, on some placements we are paid UK brokerage from the insurer(s). Any arrangements we have with you for the rebating of commission or brokerage will not apply to this fixed brokerage. If this applies to any risks we place on your behalf this will be disclosed to you prior to placement.
- 2.3 Please note that the placement of your insurance may involve the use of a facility that receives services from Placement Plus. Placement Plus, a specialist business unit within Marsh, earns fees from certain insurers for services that it provides. These services include using our expertise to help develop more attractive products for Marsh clients and creating systems and processes to allow insurers to be more efficient when communicating their appetites for our clients' risks. Engaging in these services allows Marsh to create additional value for our clients. The fees that Marsh earns for these services are not specific to individual clients' policies.
- 2.4 In addition to the above, you agree that where Bowring Marsh or other non-Marsh Ltd offices are engaged to negotiate and secure insurer capacity then Bowring Marsh or those other Marsh offices will retain brokerage in recognition of that activity.
- 2.5 We will review our payment arrangements annually and agree with you, in advance of any renewal of your insurance policies, the amount or basis on which we will be paid for the following year.

3. **Period and Termination**

- 3.1 Our engagement shall continue unless terminated in accordance with the Terms of Engagement.
- 3.2 Our obligations and the obligations of our affiliates (as defined in the Terms of Engagement) to provide the Services to you will cease upon the effective date of termination, unless otherwise agreed in writing.

4. **Authorisation**

We shall be authorised to represent and assist you in all discussions and transactions with insurers relating to the Services, provided that we shall not place any insurance on your behalf unless so authorised by you in writing.

5. **Limitation of Liability**

We would specifically draw your attention to clause 7 of the Terms of Engagement ("Limit of our liability and indemnity") which states that our liability in respect of this engagement shall be capped at the amount specified in clause 7.1 of those Terms of Engagement.

6. **Data Privacy**

We would also draw your attention to clause 8 of the Terms of Engagement, which describes how we may use your personal data.

Once we have commenced work forming part of the Services we shall be deemed to have your implied acceptance of the terms of this Engagement.

Yours sincerely,

Ian H Smith
Client Executive

Schedule of Services

The Services detailed below apply in respect of the following policies:

Policy Schedule	
Renewal Date 1st July 2017	
Contract Works	Fidelity Guarantee
Personal Accident/Travel	Property
Renewal date 1st October 2017	
Casualty	Professional Indemnity
Officials Indemnity	Motor
Engineering Inspection	Engineering Insurance

Renewal Process

Define

Review and discuss your insurance programme design.

Provide you with a renewal questionnaire and any specialist proposal forms to enable you to review and update your risk data.

Review your claims history.

Agree with you a renewal strategy.

Design

Prepare and submit presentations to insurers.

Review premium payment terms and discuss premium finance options.

Facilitate meetings with insurers where this is considered beneficial to you.

Obtain quotations from agreed insurers and compare cover, terms and pricing.

Provide you with a document detailing the outcome of our renewal negotiations.

Agree with you our remuneration.

Deliver

Place policies with insurers as instructed by you and confirm to you that policies have been placed.

Issue statutory certificates and cover notes.

Issue invoices, collect premiums and pay insurers.

Provide you with an insurance register and information on how to report claims.

Check and issue policy documentation.

Provide ongoing advice on the extent of policy coverage.

Action mid-term amendments and policy declarations.

Provide general information on insurance market developments and other risk and insurance issues.

Meetings as agreed / documented with you.

Claims Services

Provide you with insurer contact details for the notification of claims and reportable incidents.

Access to a 24 hour helpline number for initial advice and support from our claims consultants, in the event of a major property / business interruption incident.

Initial technical advice and support on major, complex and contentious claims.



Chartered

Registered in England and Wales Number: 1507274, Registered Office: 1 Tower Place West, Tower Place, London EC3R 5BU.
Marsh Ltd is authorised and regulated by the Financial Conduct Authority.

DES Non ET2 Renewal Report Template v2.2 July 2018



PLACEMENT AUTHORISATION FORM

Client Name:	East Lothian Council	
Client Address:	John Muir House. Haddington, EH41 3HA	
Renewal Date:	1 st October 2018	Please proceed and place on our behalf the policies as detailed below. I confirm our receipt and acceptance of Marsh's Terms of Engagement

Policy	Insurer / Market	Cover Basis	Premium payable before tax	Commission rate ('NIL' if fee only)	UK brokerage rate applicable	CCS Charge
Casualty	QBE via RMP	As per report	130,300.00	nil	2.49%	0.75%
Professional Indemnity	QBE via RMP	As per report	7,260.00	nil	2.49%	0.75%
Officials Indemnity	QBE via RMP	As per report	29,470.00	nil	2.49%	0.75%
Motor	QBE via RMP	As per report	67,758.00	nil	2.49%	0.75%
Claims handling	Gallagher Bassett direct	As per report	24,216.27	n/a	n/a	n/a

Marsh Remuneration Fee: GBP 2,000

Note: UK Brokerage applies where indicated in the right hand column in addition to the standard Marsh Remuneration. Where the brokerage shown is greater than 3.5%, the placement is via a facility co-developed by Marsh and the insurer(s) for the exclusive benefit of Marsh clients.

Premium Payment

All premiums are due for payment upon receipt of invoice.

Comments / Additional Instructions

Signed:		Dated:	
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EAST LOTHIAN COUNCIL
For the Six Months Ending 30 September 2018

Previous Year Actual £		2018/19 Budget £	Actual £	Year to Date Budget £	Over/(Under) £
555,100.72	4-41-412-2-21-150 Premises Costs-Insurance	580,000.00	253,876.53	250,000.00	3,876.53
29,440.05	4-41-412-2-25-230 Supplies & Services-Services	40,000.00	2,080.00	5,000.00	-2,920.00
452,523.60	4-41-412-2-27-285 Third Party Payments-Private Individuals	580,000.00	296,949.49	290,000.00	6,949.49
-12,386.40	4-41-412-5-58-581 Sales of Goods & Services-Sale of Services	-12,000.00	-9,527.72	-12,000.00	2,472.28
-5,924.69	4-41-412-5-59-594 Interest on Revenue Balances	0.00	0.00	0.00	0.00
50,000.00	4-41-412-6-61-670 Internal recharges-Corporate Services	50,000.00	0.00	0.00	0.00
-1,228,795.14	4-41-412-6-61-680 Internal Recharges-Insurance Fund Allocs	-1,238,000.00	-1,252,888.28	-1,238,000.00	-14,888.28
160,041.86	4-41-412-7-77-777 Fund transfers-Insurance Fund	0.00	0.00	0.00	0.00
0.00	Total Insurance Fund	0.00	-709,509.98	-705,000.00	-4,509.98