

REPORT TO THE RESOURCES COMMITTEE**DATE:** 26th November 2007**SUBJECT:** 2008 Insurance Renewal Update report**SUMMARY:**

A progress report on the Authority's Insurance Renewal strategy for the 2008 – 2011 years is attached. It has been agreed that the Authority will tender for both the Fleet Insurance Policy and the Combined Liability Policies during this term so that they may both commence cover as of the 1st April 2008.

OBJECTIVES		IMPLICATIONS	
Trusted & Respect	√	Operational Risk Management	
More than Emergencies	√	Community Risk Reduction	
Saving Lives, Protecting Communities		Training & Development	
Managing within Budget	√	Civil Contingencies	
Improving Efficiency	√	Finance & Procurement	√
Resources to Priorities		H.R.	
Alternative Resources	√	ICT	
Managing People		Corporate Services	√
Integrated Management Planning	√	Transport	√
Partnership Working		Health & Safety	√
Effective & Empowered People		Premises	√
Sustainability & the Environment	√	Welsh Language	
Governance	√	Legal	√

COMMENTS/OBSERVATIONS:

The Authority continues to utilise the service of its Brokers MARSH to provide independent and effective advice and guidance on the Authority's Insurance renewal process. The current tendering process for both our Fleet Policy and Combined Liability Policies will be instrumented by MARSH in line with the OJEU requirements. Current market forecasts suggest that premium renewal increases where applied will be commensurate with previous year increases and remain within predicted budgets, however, reductions in premium costs will be pursued especially where evidence of sound risk management practices are in place and have contributed to reductions in our overall business risk.

RECOMMENDATIONS:

That Members note the Insurance Renewal progress report.

BACKGROUND PAPERS USED IN PREPARATION OF THIS REPORT:

2005/06/07 MARSH Insurance Renewal Reports
Business Risk Management Group meeting minutes held 10th October 2007

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Resources Committee Report

Discussions with the Authority's brokers, Marsh UK have taken place in respect of the Authority's insurance policies for the 2008/ 2009 financial year. The Authority's long term Fleet Insurance agreement expires on the 31st March 2008 although the Combined Liability Insurance agreement does not expire until the 31st March 2009. Following lengthy discussions between the Authority and the Brokers it has been agreed that the Authority will tender to renew both the Fleet and Combined Liability Insurance Policies in order to commence new agreements on the 1st April 2008. The decision to tender for both the Fleet and Combined Liability Insurance policies is based upon the current Insurance market climate coupled with the positive risk management culture and performance of the Authority in managing and reducing its business risk exposure. The Tendering Process will be undertaken in its entirety by our Insurance Broker's MARSH in line with OJEU requirements.

There is without a doubt an opportunity for our Service to negotiate and obtain very good terms at this next renewal phase and it would be advisable for the Service to consider the durations of policy cover of both the Fleet and Combined Liability Policies to be extended to at least a 3 + 2 term or even a 5 year term. From a considerate budget planning forecast the 5 year term may be a more favourable option however this remains to be seen as and when final premium costs are presented for review. Our Broker's do not currently foresee a change in current market conditions and unless a significant global event, or series of events, force the market to review its position the current stability is likely to remain for the foreseeable future.

The Authority has already instructed its Broker's to commence the tendering process, an indicative schedule of timings is set out below.

September 2007

- M Harries to meet with MARSH and agree timescales and parameters for the renewal process – *This was undertaken on 25th Sept.*

November 2007

- Insurance Renewal questionnaire to be completed by M Harries

November 2007

- Official Journal of the European Union publication (OJEU) to be approved by MARSH and issued with details of defined interest;
- M Harries to finalise MAWW Business Risk Management presentation and meet with MARSH to agree content.

December 2007

- 5th Dec – M Harries to present Combined Liability and Fleet Insurance portfolio to short list of Insurers at the MARSH office (location to be confirmed), commencing at 09.30am at 1 hourly sessions. We anticipate that at least 6 prospective Insurers will wish to be involved at individual sessions. These sessions will be jointly presented by MARSH and M Harries lasting 30 mins after which the attending Insurer will present their business presentation where we will have the opportunity to clarify any specific matters that they propose if they were to secure our business.
- 17th Dec – M Harries & MARSH to agree on Broker presentation for presenting to the Insurance Market.

January 2008

- 4th Jan – MARSH present Broker portfolio detailing MAWW F&RS to the Insurance Market.
- 25th Jan – Responses from the Market sent to MARSH in duplicate sealed brown envelopes clearly stating 'Mid & West Wales Fire & Rescue Service Insurance Tender' by specified date. MARSH to deliver unopened tenders to our Authority by agreed date and time. Tenders to be opened by our Authority and recorded in line with internal procurement rules.
- 28th Jan – M Harries to meet with MARSH to deliver duplicate tenders and evaluate the options and quotations. MARSH to discuss issues of clarification with market.

February 2008

- 8th Feb - MARSH to prepare and submit report to our Authority providing recommendations.
- 15th Feb – Fire Authority to provide instructions to MARSH
- 22nd Feb – MARSH to communicate these instructions to the market in line with OJEU procedures.

March 2008

- 3rd March - 10 day stand still commences.

April 2008

- If no matters arise, on the 1st April – the Service goes live with the chosen new Fleet and Combined liability Insurer(s)
- M Harries to distribute associated documentation and process invoices accordingly.

Committee should note that the Authority has been successful in continuously reducing Insurance premium costs for the last 3 years and it is anticipated that this can continue or at the very least achieve a level that can be sustained for the foreseeable future providing of course that the Authority's risk exposure remains stable in itself. The recently established Business Risk Management Group will serve to monitor the Authority's business risk aspects and will provide a valuable contribution to future Insurance renewal and business risk reduction strategies.

A renewal progress report will be provided to members at the next meeting.

Mydrian Harries
Service Risk Manager