TOWN COUNCIL INSURANCE 2020/21 – 2022/23

1.0 Purpose of the report

1.1 For Councillors to consider the Long Term Agreement (LTA) insurance quote received via WPS Brokers for RSA Insurance who are the intended insurance company to replace Aviva (the Town Council's current insurers) and the premium indication figures (yearly and LTA – three years received from Company A (an alternative) insurance broker for an alternative insurance company (Insurance Company A).

2.0 Background

2.1 The current three-year LongTerm Agreement policy is due for renewal on 26th August 2020.

2.2 The Deputy Town Clerk contacted 9 insurance companies including the Town Council's current insurers seeking quotes and the responses were as follows: -

- Two companies felt unable to quote due to the Town Council's claim history (3 claims in the past three years)
- One Insurance Broker company has a long-standing trading arrangement in place with our current insurance brokers and between them they have agreed not to quote on each other's business
- One company reported that they did not have a policy that would cover all of the aspects of the Town Council's insurance requirements but could offer insurance on community buildings.
- Two companies responded that they we unable to offer policy terms to any Public Authorities including Town and Parish Councils.
- A further company replied that they do offer a scheme to provide insurance cover to Town Councils, but this is operated through their insurance broker. This is the insurance broker mentioned above that will not quote on WPS' insurance business.

Company A have quoted along with insurers under our current Brokers.

3.0 Present Position

3.1 The renewal of the insurance LTA will be for 3 years from 26th August 2020 – 25th August 2023. A new LTA will be cost saving for the Town Council.

4.0 General implications for consideration

4.1 The Town Council has been with our current Broker (Company B) for over 10 years and there is a good working relationship. The Town Council is currently insured with Aviva. The brokers put their Town and Parish Council's contract out to tender and Insurer B have been awarded the contract.

4.2 Company A – work with many Town and Parish Councils and are experienced in this field. They are promoting a generic policy offered by Insurer A specifically for local Councils.

4.3 The Town Council's Annual Risk Assessment reviews insurance cover. This was last reviewed in November 2019. The main points that required to be investigated and the responses are indicated below:

(a) Possible increase in level of cover for Legal Expenses insurance which currently stands at £100k
Cover has been increased to £200k or £250k in information below

(b) Check terms of Officials Liability Cover (£250k)
This includes cover for current matters being addressed by Personnel Committee

(c) Check what cover is included and level for Business Interruption £50k
This is just the cost to set up from a new premises (e.g. moving IT, phone lines, furniture, etc) All other costs pertaining to the Council's current claim are covered under the main property damage cover

(d) Consider Cyber Insurance
Quotes provided – need to include cover for ICO fines

(e) Consider Keyman insurance – to cover cost of locum in the event the Clerk or Deputy Town Clerk s unavailable for work
This would need to be a term assurance (Life insurance) policy. There is already some limited cover under the Employers Liability for staff who are on long-term sickness absence in respect of being able to pay for a locum. To be deferred until a later date

4.4. The Town Council Asset Register is maintained in two formats – one for the purposes of the Internal Auditor/Balance Sheet/Annual Return and one for the purposes of Insurance (ie replacement value) for the Property and Contents Insurance. The asset register sent to the insurance Companies was reviewed and approved by the Finance & Policy Cttee

4.5. The Internal Auditors final report recommended increasing the level of the Fidelity guarantee for £1,403,000. Insurer B can cover this value but Insurer A can only offer £1,000,000.

4.6 The main insurance policies required by the Town Council and levels of cover are shown below:

a) Employer's Liability – Both companies cover £10,000.000
b) Employer's Liability (Terrorism) - Both companies cover £5,000.
c) Public Liability - Insurer A cover £10,000,000 and Insurer B cover £15,000,000
d) Product Liability - Insurer A cover £10,000,000 and Insurer B cover £15,000,000
e) Pollution cover – Insurer A cover £10,000,000 and Insurer B cover £15,000,000
f) Fidelity cover – Company A are only prepared to cover £1m max, Insurer B cover £1.403m and can increase up to £2m
g) Property and contents – as per asset register

h) Business Interruption -£50,000 for both immediate costs to move somewhere else. (Rest of Council's current claim is covered under property damage and associated costs)

4.7 Legal and Other Expenses Cover

The level of cover in these respects requires careful consideration

a) Officials Liability inc libel and slander – Insurer A: £500,000; Insurer B £250,000
b) Legal Expenses – Insurer A £250,000 and Insurer B cover £100,000.

(Insurer B can increase cover to £200,000 for an approximate £150 additional premium)

4.8 Cyber Insurance

Company A offers a Towns and Parish Council generic Council cyber insurance from Insurer C with cover up to £250k for £299.99 premium.

Company B offers Insurer D cyber insurance up to £250k for £550 premium or £850 for £500k level of cover. Includes cover for any ICO fines.

5.0 <u>Premiums – all include insurance premium tax</u>

5.1 Company A

3yr Long term Agreement Expiry Date: 25 August 2023	**£ 4,851.02** p.a.
Premium without Long Term Agreement	**£ 5,103.39** p.a.

5.2. Company B Quoted

3yr Long term Agreement Expiry Date: 25 August 2023 –	**£6,294.63**
Additional quote for Engineering Policy (compressor)	£250.00
Broker admin fee	**£325.00**

6.0 <u>FINANCE CTTEE CONSIDERATIONS</u>

MAIN POLICY

a. The Town Council is somewhat restricted in its choice as only two insurers have offered to quote to cover the town council for the next 3 years.

b. It makes financial sense to consider entering into another 3 year LTA for the savings offered by either company/insurer.

c. Insurer A will still cover for notifiable human disease, Insurer B have excluded anything and everything to do with Coronavirus/SARs or any similar type of viral pandemic both now and in the future. However, as the Town Council income is not really impacted negatively by a pandemic, this was not really that important.

d. One of the main issues is the recommendation by the Internal Auditor to increase the Fidelity over to 1.4m which cannot be ignored. Only one company can offer this level of cover. As the Town Council is obliged to follow Internal Auditors recommendations then there is only one choice

e. Legal expenses cover should be raised to £200k for the additional premium of approx £150

CYBER INSURANCE

Company A have quoted £299.99 but there are no details of cover and it is thought that this generic policy for Council's may not be as wide ranging as Company B which have quoted £550 for the same level of cover £250k.

The Council already pays SoVIsion to manage all security aspects etc of the IT system with reference to cyber crime so the Finance & Policy Cttee felt that cover for ICO fines was very important to consider in view of the increased risk owing to amount of personal data sharing that had occurred between local organisations during COVID

RECOMMENDATIONS

(i) That the Town Council opt for Company B/Insurer B with increased premium to cover for increased cover on legal expenses insurance of £200,000

(ii) That the Town Council take out the policy to cover the compressor at Burnett with Company B

(iii) That the Town Council should take out Cyber Insurance provided by Company B with a cover of £500,000 for a premium of £850

(iv) To defer a decision on keyman insurance until more information becomes available.