



REPORT of DIRECTOR OF RESOURCES

**to
STRATEGY AND RESOURCES COMMITTEE
28 JANUARY 2021**

INSURANCE TENDER

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to obtain agreement to commence the Council's insurance contract tender. The current Long-Term Agreement (LTA) is due to end on 30 September 2021 and new contracts will need to be in place to start on 1 October 2021.

2. RECOMMENDATIONS

To the Council:

- (i) that the tender process to ensure the Council has compliant insurance contracts in place by 1 October 2021 be commenced;
- (ii) that the insurance contract tender process be put in place for five years with an option to extend the process for a further two years (Long Term Agreement) LTA.

3. SUMMARY OF KEY ISSUES

- 3.1 The insurance renewal policies for Maldon District Council (MDC) have currently been extended by one year from 1 October 2020 to 30 September 2021 but this is the last extension that can be used and a full re-tender process must take place for 1 October 2021.
- 3.2 Insurance brokers and risk management specialist Arthur J. Gallagher Insurance Brokers Limited has been appointed to assist the Council regarding the insurance tender process and they will work with Procurement on the tender exercise in accordance with the Council's Contract Procedure Rules.
- 3.3 It is necessary to have an Insurance broker to support the tender process and the on-going yearly policy renewals as most Insurance companies will not deal directly with customers. The broker will ensure the most competitive insurance policies are obtained for the Council.

- 3.4 The Council's insurance tender will be tendered in the following lots in order to seek best value for money as shown in the table below:

Lot Number	Lot Title	Description
1	Property Insurance Services	Material Damage, Business Interruption, Money, "All Risks", Theft
2	Casualty Insurance Services	Employer's Liability Public / Products Liability Officials Indemnity Libel & Slander Land Charges Public Health Act
3	Pecuniary Insurance Services	Fidelity Guarantee
4	Personal Accident and Travel	Personal Accident / Business Travel
5	Computer Insurance Services	Computers
6	Property Insurance Services	Cyber Insurance
7	Engineering Services	Engineering Inspection and Insurance
8	Motor Insurance Services	Motor Fleet
9	Marine Insurance Services	Marine

- 3.5 The policy renewals for 2020 / 21 amounted to £144,270.97 using this figure as a guide for a five plus two-year LTA the insurance contract will have an estimated cost of around £1m in total.
- 3.6 Due to the level of work required to complete an insurance tender and to remain compliant with tender timescales it is important that the work starts as soon as possible to carry out a gap analysis and determine insurance requirements going forward. We will also review the possible impact of COVID-19 on the insurance market and how this will relate to the Council's insurance policies.
- 3.7 The Council needs to adequately protect itself against possible major losses and limit the financial exposure of the Council to the cumulative effect of small losses. The Council must also comply with any statutory requirements to have in place particular policies of insurance and associated inspection systems.

- 3.8 The first draft of the timetable for tender is set out in the table below, the final dates are to be confirmed:

Element of Process	Who to attend	When
Arthur J. Gallagher Insurance Brokers Limited (Gallagher) meet Maldon District Council (Maldon DC) Stakeholders – including Insurance Manager, Procurement. Plan and Timetable agreed	All	16 December 2020
Gallagher to Issue Example Award Criteria Structure for discussion and sign off by Council Procurement	Gallagher	16 December 2020
Complete initial Gap analysis for discussion with Insurance Manager	Gallagher / Maldon DC	2 January 2021
Draft Insurance Specification by	Gallagher	31 January 2021
Discussion over the ITT progress and the further information needed	Gallagher / Maldon DC	3 February 2021
Obtain updated Loss Experiences from Insurers (cut off 1st April 2021)	Gallagher	6 April 2021
Draft Official Journal of the European Union (OJEU) notice for approval and agreement	Maldon DC / Gallagher	9 April 2021
Iterate and Update the Tender Specification and ancillary documents	Gallagher	To 24 May 2021
Award Criteria finalised including weightings	Gallagher / Maldon DC	24 May 2021
Final Version of Documents sent to Maldon DC for sign off	Gallagher	24 May 2021
Complete Tender Document sign off	Maldon DC / Gallagher	1 June 2021
Publication of OJEU Notice	Maldon DC	3 June 2021
Maldon DC advertises Tender on Contract Finder	Maldon DC	3 June 2021
Tender documents available to Insurers (allowed 35 days for tender)	Maldon DC	7 June 2021
Last date for submission of questions	Insurers	28 June 2021
Date upon which all questions will be responded to	Gallagher / Maldon DC	5 July 2021
Closing date for return of tender submissions	Insurers	12 July 2021
Follow up meeting with Maldon DC – cursory view of tenders and any immediate issues, disqualifications etc.	Gallagher / Maldon DC	13 July 2021
Complete clarification with insurers	Gallagher / Maldon DC	30 July 2021
Present tender evaluation report with recommendations to Maldon DC by	Gallagher	2 August 2021
Maldon DC to confirm decisions and provide instructions to Gallagher	Maldon DC	18 August 2021
Standstill Letters issued	Gallagher / Maldon	20 August 2021

Element of Process	Who to attend	When
	DC	
Standstill period ends	To be confirmed (TBC)	31 August 2021
Contract Awarded	TBC	1 September 2021
Follow up meetings with Successful Insurer(s)	Gallagher	Week commencing 6 September 2021
Gallagher places insurance programme(s) by	Gallagher	30 September 2021
Insurance Cover incept on	All	1 October 2021
Contract Award Notice to OJEU – within 30 days of award – by	TBC	1 October 2021

4. CONCLUSION

- 4.1 MDC must ensure an insurance policy is in place after 1 October 2021. A full tender process and LTA are required to ensure the best value and quality policy for the Council.
- 4.2 The LTA and Insurance service to date has met and continues to meet the Council's needs.
- 4.3 The engagement of a broker to facilitate the tender process will be the best route to ensure that the Council can obtain the most competitive premium rates and ensure that cover is in place by 1 October 2021.

5. IMPACT ON STRATEGIC THEMES

- 5.1 Ensuring the delivery of good quality, cost effective and valued services in a transparent way to meet Corporate goals of good performance and efficiency.

6. IMPLICATIONS

- (i) **Impact on Customers** – None arising from the report.
- (ii) **Impact on Equalities** – None arising from the report
- (iii) **Impact on Risk** – The purchase of insurance represents a transfer of risk to protect the Councils assets and to ensure funds are available to meet any liabilities arising from a loss.
- (iv) **Impact on Resources (financial)** – The current cost of insurance premiums is £144, 270.97 per annum.
- (v) **Impact on Resources (human)** – None arising from this report.

(vi) **Impact on the Environment** – None arising from this report.

(vii) **Impact on Strengthening Communities** – None arising from this report.

Background Papers: None.

Enquiries to: Alastair Morrell, Resources Casework Manager.