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5 May 2009

S U M M O N S

MEETING: Policy and Organisation Board
DATE: 14 May 2009
TIME: At the conclusion of the Adjourned Annual Council Meeting
PLACE: Committee Room 1, Town Hall, Gosport
Democratic Services contact: Chris Wrein

LINDA EDWARDS
BOROUGH SOLICITOR

MEMBERS OF THE BOARD

To be appointed at the Adjourned Annual Council Meeting on 14 May 2009.

FIRE PRECAUTIONS

(To be read from the Chair if members of the public are present)

In the event of the fire alarm (single continuous sound) being activated, please leave the room immediately.

Proceed downstairs by way of the main stairs or as directed by GBC staff, follow any of the emergency exit signs. People with disability or mobility issues please identify yourself to GBC staff who will assist in your evacuation of the building.

IMPORTANT NOTICE:

- If you are in a wheelchair or have difficulty in walking and require access to the Committee Room on the First Floor of the Town Hall for this meeting, assistance can be provided by Town Hall staff on request

If you require any of the services detailed above please ring the Direct Line for the Democratic Services Officer listed on the Summons (first page).

NOTE:

- i. Members are requested to note that if any member wishes to speak at the Board meeting then the Borough Solicitor is required to receive not less than 24 hours prior notice in writing or electronically and such notice shall indicate the agenda item or items on which the member wishes to speak.
- ii. Please note that mobile phones should be switched off for the duration of the meeting.

AGENDA

RECOMMENDED
MINUTE FORMAT

1. APOLOGIES FOR NON-ATTENDANCE
2. DECLARATIONS OF INTEREST

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter, any personal or personal and prejudicial interest in any item(s) being considered at this meeting.

3. DEPUTATIONS – STANDING ORDER 3.5

(NOTE: The Board is required to receive a deputation(s) on a matter which is before the meeting of the Board provided that notice of the intended deputation and its object shall have been received by the Borough Solicitor by 12 noon on Tuesday, 12 May 2009. The total time for deputations in favour and against a proposal shall not exceed 10 minutes).

4. PUBLIC QUESTIONS – STANDING ORDER 3.6

(NOTE: The Board is required to allow a total of 15 minutes for questions from Members of the public on matters within the terms of reference of the Board provided that notice of such Question(s) shall have been submitted to the Borough Solicitor by 12 noon on Tuesday, 12 May 2009).

5. ELECTION OF VICE-CHAIRMAN FOR THE 2009/2010
MUNICIPAL YEAR

PART II

6. TENDERS FOR THE COUNCIL'S INSURANCE
REQUIREMENTS FROM JUNE 2009

PART II

To consider the Tenders received for the Council's Insurance requirements.

Contact Officer:
Julian Bowcher
Ext 5551

7. ANY OTHER ITEMS

which the Chairman determines should be considered, by reason of special circumstances, as a matter of urgency.

Agenda item no. 6

Board/Committee:	Policy and Organisation Board
Date Of Meeting:	14 May 2009
Title:	Tenders for the Council's Insurance Requirements from June 2009
Author:	Financial Services Manager
Status:	For Decision

Purpose

The purpose of this report is to consider the Tenders received for the Council's Insurance requirements.

Recommendations

It is recommended that the Council renew its insurances (with the exception of personal accident and work travel insurance) with Zurich Municipal for a period of four years from 24 June 2009 with the option to extend for a further two years at the Council's discretion.

It is recommended that the Council accept the quotation from Chubb Insurance Company for the provision of personal accident and work travel insurance for a period of four years from 24 June 2009 with the option to extend for a further two years at the Council's discretion.

It is recommended that the quotation received from Jardine Lloyd Thompson to provide ongoing insurance support and advice to this Council is accepted.

1.0 Background

- 1.1 The Council's contract with Zurich Municipal for the provision of insurance services expires on 24 June 2009. The tendering process is subject to the Public Services Contracts Regulations 1993.
- 1.2 This Council has taken part in collaborative insurance services tender exercise with Fareham Borough Council and the Portchester Crematorium Joint Board. Each organisation involved in this collaboration has its own quotation and will make its own procurement decision independently of the others. However should one insurance provider be successful in winning all contracts a collaborative discount was sought. (See paragraph 4.1)
- 1.3 It is anticipated that it will be possible to extend this further with other members of the Hampshire and Isle of Wight Procurement Partnership as other Council's contract dates become due. In addition to achieving a discount on the insurance tenders received it was also felt that this

approach would attract greater number of tenders as the premium for the combined insurance services of the participating organisations would be a significant sum. This was seen as particularly valuable to this Council as during the last tendering exercise in 2004 only two requests to be selected for tender were received with only ZM finally submitting a tender.

1.4 To assist officers in carrying out this exercise the Insurance brokers Jardine Lloyd Thompson (JLT) were engaged and have provided a key role in achieving what is viewed as a very successful tendering exercise. Areas where they have assisted include:

- (1) Carrying out the EU tendering exercise and ensuring the correct notices are published etc
- (2) Helping to coordinate the organisations within the collaborative partnership
- (3) Reviewing this Council's existing cover and providing technical advice on the required cover options to be included within the tender.
- (4) Carrying out a detailed technical evaluation of the tenders received including seeking any clarifications required.

In summary it is recognised that the provision of insurance is an increasingly complex and technical area and it is seen as essential to have expert support in this key area.

2.0 Tenders Received

2.1 Compared to previous insurance tendering exercises this years has been particularly successful with 14 companies expressing an interest and tenders being submitted from 9 companies. Whilst some companies tendered for all the insurance categories (e.g. Zurich Municipal and Risk Management Partners) others just tendered for one (e.g. Chubb and Maps Legal). The companies that Tendered were:-

Allianz Cornhill Engineering
Aspen Insurance
Bureau Veritas
Chubb Insurance Company
HSB Haughton
Maps Legal
Risk Management Partners
Travelers
Zurich Municipal

3.0 Tender Evaluation

3.1 The tenders have been evaluated on the basis of the evaluation criteria detailed in the tender namely Price (65%) , Claims Service (20%) , Range of Services (5%) and Assessment of Cover (over and above the cover requested (10%). (See Appendix A).

3.2 The prices quoted by a number of the tenderers were extremely competitive and compared very favourably with the price of the current contract. The Council's existing provider Zurich Municipal provided a very competitive quote and is the recommended provider for all the insurance categories with the exception of Group Personal Accident and Work Travel. Chubb Insurance, a company that specialise in this category of insurance, provided a very competitive quote for this area both in terms of price and cover.

The following table is a comparison of the 2008 renewal premium against the recommended renewal terms for 2009.

Cover	2008-2009 Premium (£)	2009-2010 Recommended Premium	Recommendation
Main Insurance Portfolio Including Property, Casualty, Fidelity Guarantee, Terrorism Motor Etc.	£489,865.78	£296,148.38	Renew with Zurich Municipal
Group PA and Work Travel	£5,937.94	£3,209.36	Renew with Chubb Insurance
Totals	£495,803.72	£299,357.74	

Note 1 All premiums shown are exclusive of Insurance Premium Tax (Currently 5%).

3.3 It is believed that the very favourable rates tendered are the result of a number of factors. These include external factors such as a very competitive insurance market with new companies challenging the existing providers. In addition it is a comparatively stable insurance market with improved underwriting results over recent years.

3.4 The collaborative approach with both Fareham Borough Council and the Portchester Crematorium Joint Board has also impacted favourably on the tendering process not only in relation to any 'collaborative discount' applying but also in attracting much greater interest and competition than has previously been the case. Finally this Council's claims history has improved greatly over recent years with a number of very large claims now being over 5 years old and having little or no impact on the rates being tendered.

3.5 As stated earlier the Council engaged JLT to assist with the tendering process and this support was extremely valuable both in providing support and advice on the tendering process and the evaluation of the tenders received. In addition they assisted greatly in helping publicise and encourage interest and ultimately bids from some of the leading insurance providers.

3.6 It is believed that an ongoing relationship with JLT should be maintained particularly with regard to supporting this Council with the annual review and renewal of the policy and providing expert advice on insurance issues generally. A quote of £2,500 has been received from JLT for the

current year largely for the general support (as no annual review will be required) although this is anticipated to increase to £3,800 in 20010/11 to include the first annual review. It is believed that this represents good value and will greatly assist future negotiations with the selected insurance providers and aid the Council in selecting appropriate levels of cover.

4.0 Financial Implications

- 4.1 As stated in Note 1 the premiums shown above are subject to Insurance Premium Tax of 5% so the total premium should be approximately £314,000. It is currently anticipated that both Fareham Borough Council and the Portchester Crematorium Joint Board are likely to also select Zurich Municipal so that a 'Collaboration Discount' of 10% should also be applied. This results in a premium payable of approximately £284,000.
- 4.2 The budget provision for insurance for 2009/10 is £507,460 and although the period to 23 June 2009 will be charged at the existing contract price significant savings will be made. These will impact on both the General Fund and Housing Revenue Account and should amount to a saving of approximately £170,000 in total for 2009/10 although this was largely taken into account when savings targets were incorporated into the 2009/10 budget. The saving in future years should be even more significant and should amount to approximately £220,000 although some caution needs to be applied to such estimates as they can be affected by changes in insurance requirements and any significant changes in claims history.
- 4.3 As stated in paragraph 3.5 it is seen as beneficial to seek a level of ongoing support from Jardine Lloyd Thompson. This support would cost £3,800 in 2009/10 and would remain at similar levels each year until the next full tender exercise is undertaken.

5.0 Risk Assessment

- 5.1 The level of cover provided in ZM's tender is comparable with that currently provided so that no additional self insurance risk has been introduced.
- 5.2 The principal risk to achieving the savings outlined in this report relate to any significant deterioration in this Council's claims history which could result in an increase in rates of premium. The proposed appointment of JLT would assist greatly in any such negotiations with the insurance providers should such a scenario occur.

6.0 Conclusion

- 6.1 The Tender for insurance services has been carried out for a period of four years from 24 June 2009 with an option to extend for a further two years at this Council's discretion. The Tender is viewed as being very

successful in terms of the initial interest, high number of bids received and the level of the premiums tendered.

- 6.2 The tender was part of a collaborative arrangement with Fareham Borough Council and the Portchester Crematorium Joint Board which it is believed has resulted in greater competition and a 'collaborative discount' being applied. The process has been greatly assisted by Jardine Lloyd Thompson, whose support included carrying out the EU tendering exercise, helping coordinate the partnership, reviewing this Council's cover and evaluating the bids received.
- 6.3 It is proposed that the Council's current provider Zurich Municipal be awarded all the insurance categories other than Group Personal Accident and Work Travel which it is proposed should be awarded to Chubb insurance. The acceptance of this tender will bring significant savings to the both the Council's General Fund and Housing Revenue Account.

Financial Implications:	As detailed in report
Legal Implications:	None
Service Improvement Plan implications:	None
Corporate Plan:	None
Risk Assessment:	As detailed in report
Background papers:	Gosport Borough Council Insurance Tender Document Insurance Renewal Report
Appendices/Enclosures:	Appendix A Tender evaluation Criteria and Summary Evaluation
Report Author/Lead Officer	Julian Bowcher

Gosport Borough Council 2009 Insurance Tender Scoring Matrix

As per the tender document issued in December 2008, Gosport Borough Council has evaluated the quotations received in accordance with the criteria listed below:-

Requirements	Weighting
Price of cover After adjusting for differences in cover based on cover requested, to ensure level playing field	65%
Claims Service Management of Claims, Expertise of Staff. Ease of Processing	20%
Range of Services This takes into account any other services which can be offered such as risk management	5%
Assessment of Cover Extent of cover and financial limits of indemnity, sums insured and deductibles over and above cover requested	10%

The table below shows a high level overview of the scores achieved by each tenderer and the % scored in comparison with the tenderer who achieved the highest score.

This high level comparison presented below is not a true reflection as some tenderers quoted for all classes of insurance and some quoted for only one class of insurance - a more detailed breakdown per section is provided further on in this report.

	Insurer	SCORE	% Achieved
1	Allianz	750	25
2	Aspen	650	21
3	Bureau Veritas	335	11
4	Chubb	480	16
5	HSB	480	16
6	Maps Legal	435	15
7	RMP	2465	82
8	Travelers	670	22
9	ZM	2700	90

The tables below shows an overview of the scores achieved by each tenderer and the % scored out of the maximum possible score.

The maximum score (100%) per section is 500.

Property

	Insurer	SCORE	% Achieved
1	Allianz	400	80
2	Aspen	345	69
3	RMP	350	70
4	ZM	470	94

Casualty

	Insurer	SCORE	% Achieved
1	Aspen	305	61
2	RMP	360	72
3	Travelers	335	67
4	ZM	465	93

Engineering

	Insurer	SCORE	% Achieved
1	Allianz	350	70
2	Bureau Veritas	335	67
3	HSB	480	96
4	RMP	480	96
5	ZM	415	83

PA Travel

	Insurer	SCORE	% Achieved
1	Chubb	480	96
2	RMP	435	87
3	ZM	400	80

Motor Fleet

	Insurer	SCORE	% Achieved
1	RMP	425	85
2	Travelers	335	67
3	ZM	475	95

Motor Fleet ULR/Legal Expenses

	Insurer	SCORE	% Achieved
1	Maps	435	87
2	RMP	415	83
3	ZM	475	95

Property / Business Interruption

Allianz

	Feature	SCORE (a)	WEIGHT (b)	Result
		Between 1 – 5	Relative importance of each criteria %	
1	Price of cover	4	65	260
2	Claims Service	4	20	80
3	Range of services	4	5	20
4	Assessment of cover	4	10	40
	Total Score	16	100	400

Aspen

	Feature	SCORE (a)	WEIGHT (b)	Result
		Between 1 – 5	Relative importance of each criteria %	
1	Price of cover	3	65	195
2	Claims Service	4	20	80
3	Range of services	4	5	20
4	Assessment of cover	5	10	50
	Total Score	16	100	345

RMP

	Feature	SCORE (a)	WEIGHT (b)	Result
		Between 1 – 5	Relative importance of each criteria %	
1	Price of cover	3	65	195
2	Claims Service	4	20	80
3	Range of services	5	5	25
4	Assessment of cover	5	10	50
	Total Score	17	100	350

Zurich Municipal

	Feature	SCORE (a)	WEIGHT (b)	Result
		Between 1 – 5	Relative importance of each criteria %	
1	Price of cover	5	65	325
2	Claims Service	4	20	80
3	Range of services	5	5	25
4	Assessment of cover	4	10	40
	Total Score	18	100	470

Casualty

Aspen

	Feature	SCORE (a)	WEIGHT (b)	Result
		Between 1 – 5	Relative importance of each criteria %	
1	Price of cover	3	65	195

	Feature	SCORE (a)	WEIGHT (b)	Result
2	Claims Service	3	20	60
3	Range of services	4	5	20
4	Assessment of cover	3	10	30
	Total Score	13	100	305

RMP

	Feature	SCORE (a)	WEIGHT (b)	Result
		Between 1 – 5	Relative importance of each criteria %	
1	Price of cover	3	65	195
2	Claims Service	5	20	100
3	Range of services	5	5	25
4	Assessment of cover	4	10	40
	Total Score	18	100	360

Travelers

	Feature	SCORE (a)	WEIGHT (b)	Result
		Between 1 – 5	Relative importance of each criteria %	
1	Price of cover	3	65	195
2	Claims Service	4	20	80
3	Range of services	4	5	20
4	Assessment of cover	4	10	40
	Total Score	15	100	335

Zurich Municipal

	Feature	SCORE (a)	WEIGHT (b)	Result
		Between 1 – 5	Relative importance of each criteria %	
1	Price of cover	5	65	325
2	Claims Service	4	20	80
3	Range of services	4	5	20
4	Assessment of cover	4	10	40
	Total Score	17	100	465

Engineering Inspection / Insurance

Allianz

	Feature	SCORE (a)	WEIGHT (b)	Result
		Between 1 – 5	Relative importance of each criteria %	
1	Price of cover	3	65	195
2	Claims Service	4	20	80
3	Range of services	5	5	25
4	Assessment of cover	5	10	50
	Total Score	17	100	350

Bureau Veritas

	Feature	SCORE (a) Between 1 – 5	WEIGHT (b) Relative importance of each criteria %	Result
1	Price of cover	3	65	195
2	Claims Service	4	20	80
3	Range of services	4	5	20
4	Assessment of cover	4	10	40
	Total Score		100	335

HSB

	Feature	SCORE (a) Between 1 – 5	WEIGHT (b) Relative importance of each criteria %	Result
1	Price of cover	5	65	325
2	Claims Service	4	20	80
3	Range of services	5	5	25
4	Assessment of cover	5	10	50
	Total Score		100	480

RMP

	Feature	SCORE (a) Between 1 – 5	WEIGHT (b) Relative importance of each criteria %	Result
1	Price of cover	5	65	325
2	Claims Service	4	20	80
3	Range of services	5	5	25
4	Assessment of cover	5	10	50
	Total Score		100	480

Zurich Municipal

	Feature	SCORE (a) Between 1 – 5	WEIGHT (b) Relative importance of each criteria %	Result
1	Price of cover	4	65	260
2	Claims Service	4	20	80
3	Range of services	5	5	25
4	Assessment of cover	5	10	50
	Total Score		100	415

Personal Accident & Business Travel

Chubb Insurance

	Feature	SCORE (a) Between 1 – 5	WEIGHT (b) Relative importance of each criteria %	Result
1	Price of cover	5	65	325
2	Claims Service	4	20	80
3	Range of services	5	5	25
4	Assessment of cover	5	10	50
	Total Score	19	100	480

RMP

	Feature	SCORE (a)	WEIGHT (b)	Result
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	Feature	SCORE (a)	WEIGHT (b)	Result
		Between 1 – 5	Relative importance of each criteria %	
1	Price of cover	4	65	260
2	Claims Service	5	20	100
3	Range of services	5	5	25
4	Assessment of cover	5	10	50
	Total Score	19	100	435

Zurich Municipal

	Feature	SCORE (a)	WEIGHT (b)	Result
		Between 1 – 5	Relative importance of each criteria %	
1	Price of cover	4	65	260
2	Claims Service	4	20	80
3	Range of services	4	5	20
4	Assessment of cover	4	10	40
	Total Score	15	100	400

Motor Fleet

RMP

	Feature	SCORE (a)	WEIGHT (b)	Result
		Between 1 – 5	Relative importance of each criteria %	
1	Price of cover	4	65	260
2	Claims Service	5	20	100
3	Range of services	5	5	25
4	Assessment of cover	4	10	40
	Total Score	18	100	425

Travelers

	Feature	SCORE (a)	WEIGHT (b)	Result
		Between 1 – 5	Relative importance of each criteria %	
1	Price of cover	3	65	195
2	Claims Service	4	20	80
3	Range of services	4	5	20
4	Assessment of cover	4	10	40

	Feature	SCORE (a)	WEIGHT (b)	Result
	Total Score	15	100	335

Zurich Municipal

	Feature	SCORE (a)	WEIGHT (b)	Result
		Between 1 – 5	Relative importance of each criteria %	
1	Price of cover	5	65	325
2	Claims Service	4	20	80
3	Range of services	4	5	20
4	Assessment of cover	5	10	50
	Total Score	18	100	475

Motor Fleet ULR/Legal Expenses

Maps

	Feature	SCORE (a)	WEIGHT (b)	Result
		Between 1 – 5	Relative importance of each criteria %	
1	Price of cover	4	65	260
2	Claims Service	5	20	100
3	Range of services	5	5	25
4	Assessment of cover	5	10	50
	Total Score	19	100	435

RMP

	Feature	SCORE (a)	WEIGHT (b)	Result
		Between 1 – 5	Relative importance of each criteria %	
1	Price of cover	4	65	260
2	Claims Service	4	20	80
3	Range of services	5	5	25
4	Assessment of cover	5	10	50
	Total Score	18	100	415

Zurich Municipal

	Feature	SCORE (a) Between 1 – 5	WEIGHT (b) Relative importance of each criteria %	Result
1	Price of cover	5	65	325
2	Claims Service	4	20	80
3	Range of services	4	5	20
4	Assessment of cover	5	10	50
	Total Score	18	100	475