

9th March 2022

PLACEMENT OF INSURANCE COVER FOR SYPTE AND SYMCA

Purpose of Report

This report is seeking approval to award the placement of insurance cover for Public and Employers Liability and Property cover for SYMCA and note the approvals for the same policies for SYPTE from 1 April 2022 and then note the details of cover arrangements for the full SYMCA Group when the legal merger takes place.

Recommendations

Approval is sought under the Officer Scheme of Delegation to approve/note the placement of Public and Employers Liability and Property Insurance policies for SYMCA at a cost of up to £82,125 for an initial period of 3 years with an option to extend by a further 2 years as set out in paragraphs 2.1 and 2.2 below.

1. Introduction

- 1.1 Both SYPTE and SYMCA worked together to ensure a matching renewal date for the next tendered insurance requirements for 1 April 2022, this was necessary as that was the intended date when the merger was anticipated and insurance for the Group as a whole would be required as one legal entity.
- 1.2 Legal with valuable input from the Finance team worked closely with the broker Aon to gather all the renewal information required and prepare the tender, however as it unfortunately became clear that the planned 1 April 2022 merger date would have to be put back the tender had to be issued on the basis of separate Public and Employers Liability and Property cover for each part of the Group and tender prices were also requested for confirmation of cover when the merger took place.
- 1.3 Tenders were issued in two Lots one for liability cover and one for property cover via the YPO Insurance Services Framework which had been established via the EU Procurement route.
- 1.4 Despite using the mini competition route on the YPO Framework only 1 tender was received for each of the Lots, fortunately providing costs for both individual and joint requirements, however both are current suppliers, so benchmarking is possible.

- 1.5 Aon have provided the following feedback as to why the market may not have responded to the tender on a larger scale:

“Feedback from the other Suppliers on the YPO Framework was generally that they were either unable to supply the requirements or our requirements were not something that related to their field of business. For future rounds of tendering we will see how we can best stimulate interest from the market at the time of tender”.

Options were explored to reduce the property premiums by increasing the excess levels from the existing £1,000 per claim to £10,000 per claim and the outcomes are shown on the table in 3.6 below, there is a risk that applying these increased excess may not produce the savings against premium reduction if the Group incurs a rise in claims falling within the excess levels which it would have to effectively self insure, however the claims profile to date does not suggest this would be a major risk and is worth consideration.

- 1.6 The two companies who responded met the mandatory requirements for experience and cover and subject to this the tenders were then evaluated on price only. A comparison of current premiums and the tendered rates is as follows:-

Policy	2021 Premium per annum	2022 Premium per annum	Percentage Increase	2022 Premium allowing for excess of £10,000 per Claim	Percentage Increase
Property Damage/BI – SYMCA	£36,599	£42,125	+15%	£37,500	+2.5%
Employers & Public/Products Liability – SYMCA	£37,081	£40,000	+7.87%		
Property Damage/BI – SYPTE	£102,250	£126,500	+23%	£113,850	+11.3%
Employers & Public/Products Liability – SYPTE	£101,591	£120,800	+18%		

- 1.7 Board are also advised that from 1 April 2022 the Group will be using the same broker at reduced brokerage costs as SYMCA served notice on SCC which had previously acted for them and SYPTE Legal will continue to handle all claims, also now including any SYMCA claims which reduces external costs.

2. Proposal and justification

- 2.1** Approval under the Officer Scheme of Delegation is requested for the placement of the Public and Employers Liability insurance cover by SYMCA with QBE Insurance (Europe) Ltd for the initial period of 1 April 2022 to 31 March 2025 at an annual premium of £40,000 plus IPT (currently 12%) and note the option to extend by up to 2 further years to 31 March 2027 at the same premium subject to any significant change in SYPTE's claims profile. Potential estimated cost of £200,000 over the full 5 year term.
- 2.2** Approval under the Officer Scheme of Delegation is requested for the placement of the Property insurance cover including Business Interruption/Money and Contract Works by SYMCA with Chubb European Group Ltd for the initial period of 1 April 2022 to 31 March 2025 at an annual premium of up to £42,125 plus IPT (currently 12%) and note the option to extend by up to 2 further years to 31 March 2027 subject to any significant changes in the SYPTE property profile. Potential estimated cost of up to £210,625 over the full 5 year term.
- 2.3** That note is made of the placement of the Public and Employers Liability insurance cover (including Yorcard Ltd) by SYPTE with QBE Insurance (Europe) Ltd for the initial period of 1 April 2022 to 31 March 2025 at an annual premium of £120,800 plus IPT (currently 12%) and note the option to extend by up to 2 further years to 31 March 2027 at the same premium subject to any significant change in SYPTE's claims profile. Potential estimated cost of £604,000 over the full 5 year term.
- 2.4** That note is made of the placement of the Property insurance cover including Business Interruption/Money and Contract Works by SYPTE with Chubb European Group Ltd for the initial period of 1 April 2022 to 31 March 2025 at an annual premium of up to £126,500 plus IPT (currently 12%) and note the option to extend by up to 2 further years to 31 March 2027 subject to any significant changes in the SYPTE property profile. Potential estimated cost of up to £632,000 over the full 5 year term.
- 2.5** That it is noted that at the point of legal merger of the two entities one policy for each of the types of cover above will be in place for the full SYMCA Group which will carry the total costs of the separate premiums set out above.
- 2.6** That it is noted that quotations are still being sought for the lower values insurance policies, i.e motor, computers and will be subject to separate approval. In the main these will be policies set up in the name of SYPTE which will automatically transfer to SYMCA at the point of merger with the exception of Officials Indemnity cover which must be in the name of SYMCA to cover the Mayoral Election and the role of the Returning Officer.

3. Implications

3.1 Financial

- Existing Budget No Budget
 No Financial Implications

Budget code to be used to fund:				
If capital, specify capital funding source available:	£			
If virement specify which budget code:				
Have Finance been consulted?	Yes		No	

3.2 Legal

This report may contain information which is potentially exempt under the FOIA as it may prejudice the legitimate commercial interests of the parties.

3.3 Risk Management

The level of cover required has been checked by seeking information from SYPTE and SYMCA Business Areas to ensure it does not put SYPTE or SYMCA at any risk. There is a legal requirement to notify the insurers of any material change to SYPTE or SYMCA premises or assets and all Business Areas need to ensure they advise Legal Services of any material changes so this can be complied with and the appropriate cover maintained.

3.4 Equality, Diversity and Social Inclusion

Not applicable.

REPORT AUTHOR POST

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Background papers used in the preparation of this report are available for inspection at: N/A

Other sources and references: N/A