



MELTON PARISH COUNCIL

MPC(22)82.07

RENEWAL OF THE COUNCIL'S INSURANCES – 1 OCTOBER 2022

The Council's insurances are up for renewal on 1 October. The quote from our insurance brokers, Gallagher, is for a policy via Hiscox. The renewal premium this year for a policy is £5,546.58, up from £3,837.50. This new premium is not within the 2022/23 annual budget which had allocated £4,000. The cover includes employee fidelity and the new Pavilion building. The increased premium is due to the increase in sums insured. A review of the Council's assets was undertaken prior to seeking the renewal quote.

Hiscox is also offering a 3year binding Long Term Agreement (LTA) at an LTA premium of £5,546.58. This means Melton Parish Council will commit to keep their policy with Hiscox for the period of the LTA, which will expire 3 years from the original inception date.

In return Hiscox Insurance Company Limited agrees not to increase the annual insurance premium, except for the following reasons:

- When there are changes to the material facts concerning your policy.
- Policy changes where the sums insured for assets covered against loss or damage are increased or decreased.
- The annual inflationary increase (index linking) applied to the sums insured for the assets covered against loss or damage.
- The imposition by the Government of a higher rate of Insurance Premium Tax (IPT).

Any changes to terms or conditions other than those stated, for example, the imposition by the Insurer of a higher rate resultant from the claims ratio exceeding the percentage detailed in the LTA endorsement wording shown in the schedule enclosed, releases Melton Parish Council from the Long Term Agreement and Gallagher, as our broker, will seek alternative quotations from the market on our behalf.

The insurance market in general has undergone some big changes over the last 24 months and this has not left the local council sector unaffected. This has resulted in the hardening of rates and terms across the board which mean that this is often reflected in increased premiums.

Gallagher has carried out a tender exercise with several insurers and agreed to move forward and work with Hiscox Insurance who have been with them since the early stages so Gallagher is confident they know and understand the sector.

The insurance sector for local councils has seen a recent increased rating model being introduced by insurers in order to make quoting for councils more sustainable for years to come. This has meant several insurers have withdrawn from quoting for any further local council business.

This is also part of the reason Gallagher is recommending a long term agreement when rates are levelling off and could increase at each renewal without an agreement in place.

The following documents accompany this report:

- **MPC(22)82.07a The revised policy schedule** - which sets out the cover provided. Gallagher has stated that there are no major differences in cover from the policy we had through Pen in 2021/22.
- **MPC(22)82.07b Policy Summary** – this sets out in broad terms the areas of insurance for which the Council has cover.

A second quote was sought from the insurers recommended by SALC and NALC – BHIB Ltd. However, at the time of publication this quote had not been received.

Recommendations

Councillors are requested to consider the documents accompanying this covering report, and:

- (1) Decide whether the current level of insurance cover meets the Council's present needs, or whether it is considered prudent to consider changes and seek quotations for further cover where necessary.
- (2) Agree to pay the invoice for the renewal premium before 1 October 2022.
- (3) Agree if they wish to enter into a 3 year agreement.
- (4) In the event that further quotations are required, to delegate any final decision on additional premiums to the Clerk and Executive Officer in conjunction with the Chair of the Council and the Chair of Finance, Employment and Risk Management Committee.

Pip Alder
Clerk and Executive Officer to the Council
September 2022