

ITEM No ...9.....

REPORT TO: POLICY AND RESOURCES COMMITTEE – 5 DECEMBER 2022

REPORT ON: INSURANCE TENDER

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 330-2022

1.0 PURPOSE OF REPORT

1.1 To seek approval of tenders for the provision of insurance cover for the Council for the period 31 December 2022 to 30 December 2023.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Committee:

- a) approve the award of lots 4, 5, 6 and 9 to Zurich Municipal following a mini competition under Crown Commercial Service RM6138: Insurance Services 3 Dynamic Purchasing System for a period of 12 months from 31 December 2022 to 30 December 2023; and
- b) delegate the Executive Director of Corporate Services to negotiate with the existing providers an extension of the insurance cover for a period of 12 months, in respect of the Fine Art insurance and Marine insurance.

3.0 FINANCIAL IMPLICATIONS

The total cost of awarding lots 4, 5, 6, and 9 will be £1,470,097.62 (Appendix 1). This represents a £33,909.46 saving on the equivalent cover in the current contract.

This excludes cover for Fine Art and Marine insurance which together currently cost £47,967.91. Whilst these covers are likely to increase for the proposed extension it is reasonably expected that any increase will be less than the saving on the other lots and that overall the cost of insurance will be less for 2023 and will therefore be contained within the current budget.

4.0 MAIN TEXT

4.1 Insurance covers for Dundee City Council are currently provided for by a number of companies with the main insurance covers provided by Zurich Municipal, who following a tender exercise in 2014 were appointed to provide these services from 1 January 2015 for an initial period of six years with the option to extend for a further period of two years, subject to satisfactory performance. The contract was duly extended and will expire on 30 December 2022.

4.2 The provision of high-quality insurance cover is an essential requirement for the management of risk and protection of the Council's assets. The insurance covers for the current contract include:

- Property;
- Motor;
- Casualty (Public Liability, Employers Liability, Officials Indemnity and Professional Negligence);
- Fidelity Guarantee;
- Personal Accident;
- Engineering Inspection;
- Marine; and
- Fine Art.

4.3 The property insurance is the largest component of the contract covering all Dundee City Council properties. Cover is based on an excess of £1m.

- 4.4 A full review of the Council's insurance portfolio and covers is underway and a further two tender exercises will be undertaken in 2023 to firstly appoint an insurance broker followed by a tender of our insurance covers for a 5-year contract with the option of an extension for a further two years, subject to the performance of the contract.
- 4.5 A decision was taken to seek insurance cover for a 1-year period whilst this review is underway and a mini competition was conducted via Crown Commercial Service RM6138: Insurance Services 3 Dynamic Purchasing System.

5.0 PROCUREMENT PROCESS

The Procurement exercise was split into 9 different lots in respect of each of the insurance covers as well as a lot for a combined package price for Property, Motor and Casualty.

Three companies were invited to respond to the Dynamic Purchasing System mini competition. Of the three companies invited, two submitted a response for selected lots. There were two lots where no bids were received. These are summarised in the tables and paragraphs below.

Bidder	Bid(s) received	Lots bid for
Zurich Municipal	Yes	1,2,3,4,5,6,9
Risk Management Partners Limited	Yes	5,6
Avid Insurance	No	N/A

The evaluation was based on combined scores for Price (60%) and Quality (40%).

In respect of Lot 5 Personal Accident and Lot 6 Engineering, there were two bids for each of these Lots. The results were as follows:

Bidder	Lot	Lot Price 60%	Quality 40%	Overall Score
Zurich Insurance plc (UK Branch) t/a Zurich Municipal	5	60.00	38.76	98.76
Risk Management Partners Limited	5	36.40	29.60	66.00
Zurich Insurance plc (UK Branch) t/a Zurich Municipal	6	60.00	39.46	99.46
Risk Management Partners Limited	6	57.31	37.30	94.61

The evaluation outcome was that Zurich Municipal was the preferred bidder for Lots 5 and 6, Personal Accident and Engineering.

In respect of Lots 1, 2 and 3 (Property, Motor and Casualty) only one bid was received from Zurich Municipal. They offered a package price for these Lots under Lot 9 which was more

economically advantageous to the Council saving £132,096.93 in comparison to purchasing each of the Lots separately.

One bid was received from Zurich Municipal for Lot 4 Fidelity Guarantee and no bids were received for Lots 7 and 8 (Marine and Fine Art).

A breakdown of the costs for each of the bids is attached at Appendix 1.

6.0 POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

7.0 CONSULTATIONS

The Council Leadership Team were consulted in the preparation of this report.

8.0 BACKGROUND PAPERS

None.

Robert Emmott
Executive Director of Corporate Services

Date 21 November 2022

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Summary of Insurance Premiums for 2022/23 in comparison to 2021/22

Lot	Class of Business	22/23 inclusive of Insurance Premium Tax	21/22 inclusive of Insurance Premium Tax	Difference
1	Property	£1,035,053.27	£955,461.99	£79,591.28
2	Motor	£193,249.64	£153,847.33	£39,402.31
3	Casualty	£262,166.02	£249,062.68	£13,103.34
Total	Lots 1,2 &3 combined	£1,490,468.93	£1,358,372.00	£132,096.93
4	Fidelity Guarantee	£30,601.70	£25,760.00	£4,841.70
5	Personal Accident	£10,516.25	£35,626.08	(£25,109.83)
6	Engineering Inspection	£81,195.08	£79,990.00	£1,205.08
7	Marine	No quote	£5,400.00	N/A
8	Fine Art	No quote	£42,567.91	N/A
9	Package Price for Lots 1, 2 and 3*	£1,347,784.59	£1,362,631.00	(£14,846.41)
Total	Lots 4 to 9	£1,470,097.62	£1,551,974.99	(£33,909.46) **

* Lot 9 offered a package price for Lots 1,2 and 3 which was £142,684.34 cheaper than purchasing individual Lots for 1,2 and 3 with no reduction in cover.

** This is a like for like saving on lots 4, 5, 6 and 9.

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