

# WEST DUNBARTONSHIRE COUNCIL

## Report by the Chief Executive

Corporate Services Committee – 26 April 2006

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### **Subject: Renewal of Insurance Contracts**

#### **1. Purpose**

- 1.1 To seek authority to renew and, where appropriate, re-tender the Council's Insurance Contracts.

#### **2. Background**

- 2.1 The Council currently places a number of insurance policies covering matters such as its motor fleet, property, liability and officials' indemnity. These policies are the subject of a Long Term Agreement which was entered into on 1 August 2002. The policies are written on a year to year basis and the Council is bound to agree to renew the policy for up to an aggregate period of three years provided that the Insurance Company offers renewal on broadly similar terms. The Long Term Agreement allows for a two year negotiated extension.
- 2.2 In August 2005, the Council agreed to a further two year extension to the existing Long Term Agreement.
- 2.3 An eight month extension was secured in respect of the Mortgage Property Blanket Insurance Policy. This was with effect from 1 August 2005. The new renewal date is now 1 April and the Contract has been re-tendered with effect from 1 April 2006.
- 2.4 The Engineering Insurance/Inspection and Hired in Plant Contracts were re-tendered on 1 August 2004. The Council entered into a three-year Long Term Agreement at that time and although the policies are written on a year to year basis, the Authority is bound to agree to renew the policy for up to the aggregate three years provided the Insurer offers renewal on broadly similar terms.

### **3. Main Issues**

- 3.1 To conform to contractual requirements, the Council has recently offered to renew its insurance business with the existing supplier of motor, property, liability and other miscellaneous risks. Renewal terms are awaited.
- 3.2 The Council proceeded to tender for the Mortgage Property Blanket Insurance Policy. Tender Returns received were subject to the Tender Evaluation process. Following finalisation of this process, the Contact was placed with Zurich Municipal with effect from 1 April 2006. This is a three year Long Term Agreement with the option to allow for a further two year negotiated extension. This arrangement was made with a view to securing cover that represents and maintains best value for the Council.
- 3.3 Again, in order to conform with contractual requirements, renewal of the Engineering Insurance/Inspection and Hired in Plant Contracts will be offered to the current Insurer. Renewal terms will be received in due course.

### **4. Personnel Issues**

- 4.1 There are no personnel issues.

### **5. Financial Implications**

- 5.1 There are no financial implications.

### **6. Conclusions**

- 6.1 The Council's Insurance Contracts, which are subject to Long Term Agreements are due for renewal on 1 August 2006. The Authority has recently offered to renew its insurance business with existing suppliers. Renewal terms are awaited.
- 6.2 It is anticipated that the existing Insurers may well offer renewal terms which are acceptable under the terms of the Long Term Agreements but should it be the case that the terms offered are such that the Council's best interests are serviced by a re-tendering exercise then the Committee is asked to agree that the relevant Insurance Contract or Contracts can be re-tendered.
- 6.3 The Mortgage Property Blanket Insurance Policy has been re-tendered and, following finalisation of the Tender Evaluation process, the Contact has been placed with Zurich Municipal with effect from 1 April 2006.

## **7. Recommendation**

7.1 The Committee is asked to:-

- (1) delegate authority to Chief Executive, in consultation with the Convener of the Corporate Services Committee, to renew Insurance Contracts which are subject of Long Term Agreements;
- (2) authorise the Chief Executive, in consultation with the Convener of the Corporate Services Committee to re-tender particular Insurance Contracts where this is considered to be in the best interests of the Council;
- (3) authorise the Chief Executive, in consultation with the Convener of the Corporate Services Committee, to accept the most economically advantageous Tenders, the outcome of which will be reported to the Corporate Services Committee; and
- (4) note the position with regard to the re-tendering of the Mortgage Property Blanket Insurance Policy.

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**Tim Huntingford**  
**Chief Executive**

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