



Nottinghamshire

**POLICE & CRIME COMMISSIONER**

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**INSURANCE UPDATE MAY 2016**

## 1. Introduction

The insurance policies were tendered for in 2015-2016 with a three years long term agreement. This would generally ensure stability however close to renewal the underwriters (QBE) indicated that the liability claims experience had deteriorated significantly and a premium rise would be required. As this was very close to the renewal date, a one month extension at existing rates was negotiated to identify and consider the issues.

## 2. Insurance Premium Tax

This year's renewals will be subject to 9.5% insurance premium tax which was put up from 6% in last year's budget.

## 3. Renewal information

A particular closed claim was identified to have significantly contributed to the liability renewal situation but this will take some time to retrieve from the insurers archives. A further extension was not possible during this process and hence a decision needed to be taken comparing the alternative levels of premium and excess proposed. The premium may be adjusted downwards depending on the outcome of the case being reviewed. These are tabulated below.

<b>Excess £m</b>	<b>Aggregate Stop Loss £m</b>	<b>Premium exc ipt £m</b>	<b>2015-2016 premium exc ipt £m</b>	<b>Cost rise exc ipt £m</b>
0.100	1.350	0.392	0.219	0.173
0.150	1.700	0.292		0.073
0.200	1.900	0.227		0.008

To keep the premiums at a similar value, there involves taking the risk of meeting an additional excess of £0.100m for each claim above the existing excess of £0.100m. On balance having considered the claims history, renewal was agreed at an excess of £0.150.

#### 4. Summary of premiums

	2015 -2016 exc ipt £m	2016-2017 exc ipt £m	Variance £m
Property	0.086	0.087	
Liability	0.219	0.292	
Officials Indemnity	0.018	0.018	
Motor	0.319	0.320	
Minor policies	0.018	0.018	
Claims handling	0.012	0.012	
<b>Total</b>	<b>0.672</b>	<b>0.747</b>	<b>0.075</b>
Plus IPT 6% / 9.5%	0.041	0.069	0.028
<b>Total inc IPT</b>	<b>0.713</b>	<b>0.816</b>	<b>0.103</b>

#### 5. Further Actions

- Receive further information regarding the specific claim impacting adversely on renewal
- Arrange for the insurers to discuss claims development at an earlier stage
- Provide renewal information earlier

Together these actions should ensure a smoother renewal process in future.

#### 6. Insurance Provisions

The payment of the excesses is met from revenue contributions to a provision which is maintained at the level of outstanding reserves and pays for claims above the excess. The contribution is dependent on the assessed level of claims received and the actual claims paid.

	Liability Claims £m	Motor claims £m	Total £m
<b>Outstanding claims 31.3.15</b>	2.119	0.201	<b>2.320</b>
<b>Expenditure in year</b>	-0.758	-0.144	<b>-902</b>
<b>Top up required</b>	0.518	0.327	<b>0.845</b>
<b>Outstanding claims 31.3.16</b>	1.879	0.384	<b>2.263</b>
<b>Budget</b>			<b>0.750</b>
<b>Overspend</b>			<b>0.095</b>