

Appendix A

Option 1 - LBBB Solo

Insurance

1 tender every 3 - 5 years (avg. 3yr Contract + 2yr Opt)

Current Premium Spend	1,322,000.00	
Plus Tender Costs	1,833.00	£5500 for a 3 year Contract period
Approx Total Premium per annum for Contract	1,323,833.00	

Option 2 - LBBB & Consortium

Insurance

Tender every 2 years - out of sync on some classes of business hence additional tender costs

Current Premium Spend	1,322,000.00	
Plus Ongoing Costs per annum	24,941.00	a
Plus Additional tender costs	4,500.00	b
Total Cost per annum	1,351,441.00	

- a) £224,470 total running costs divided by 9 members if LBBB join ILC. These are ongoing costs charged per annum to each member of the ILC to cover the cost of a retained Insurance Broker to give advice; an Insurance Programme Manager to administer the programmes and procurement process; procurement expenses and advice

- b) This amount is the cost of tendering for the LBBB Insurances not able to be included in this tender for 2017

For the Consortium the Period of contract is not set in the tender PQQ but is part of the bid put forward by each insurer. ie they bid for a fixed price contract for a period of year(s) but price is allowed to be adjusted in 2nd/subsequent years to reflect claims experience.

This is the tender practice for the consortium, they also tender in lots at different times. The lot going out in 2017 is for Property/liability & terrorism

Other classes of business such as Commercial property, D&O etc went out this year and the contract runs to 2018.

We would have to tender separately for the other classes of business as we have missed the ability to tender them with the consortium.

We either then only tender them for a year missing out on any additional Long Term Agreement (LTA) savings to be made to come into line with the consortium & tender with them or tender for an LTA on these other classes of business and carry them on our own outside of the consortium perhaps trying to sync with the consortium at a later date.

Tendering the contracts as above (approx every 2 years) was agreed by the Consortium as their way forward to encourage other Insurers into the market but additional players didn't influence the outcome as the Last Tender went to ZM, which is the biggest player in the LA Market. They are able to outbid any smaller Insurers entering into the market.