

**ST ALBANS CITY AND DISTRICT COUNCIL  
DECISION REGISTER – 2002/3**

Portfolio(s) Decision relates to	<b>INSURANCES</b>	Name of Portfolio:	<b>RESOURCES</b>
Decision Maker	<i>Print Name</i> <b>Ian Duffield</b>	Officer	√
		Portfolio	
Type of decision		Key	
		Significant	√
		Virement	
		Delegation	
		Other (specify)	
Scheme of Delegation reference under which decision is taken <b>8.5.12 / and Contract Procedure Rules 6 (b)</b>			
<b>DECISION</b>		Date decision taken: <b>28 October 2002</b>	
<p>A negotiated extension to the current insurance services contract with Zurich Municipal for two years from 31 July 2003 to 30 July 2005</p> <p>In arriving at my decision I have properly and thoroughly taken into account the legal, financial and workforce implications for the Council. My decision is within the Council's policy and budget framework and complies with Financial Regulations and Standing Orders. I have explicitly considered the Council's corporate objectives in arriving at my decision. In coming to my decision I have consulted with all relevant parties as appropriate, and in accordance with the Scheme of Delegation</p>			
<b>BASIS FOR DECISION</b>			
<p>The basis for the decision is that the current contract cost is £422,817 (for 2002/2003) and the negotiated cost is equivalent to £366,554 per annum for 2002/03 and the next two years.</p>			
<b>REASON FOR DECISION</b>			
<p>Cabinet on 1 October resolved "<i>that the Head of Finance be authorised, in consultation with the Resources Portfolio Holder and the group leaders, to investigate the option to extend the current long term contract with Zurich Municipal for an additional two years to 30 July 2005</i>".</p> <p>Insurance Services Consultants were appointed to review the insurer's proposals for a two year extension in the context of:</p> <ul style="list-style-type: none"> <li>➤ Difficult negotiations with re-insurers due to a series of catastrophic losses, for example the World Trade Centre, earthquakes, hurricanes and the recent European floods, severely impacting upon global results and individual insurer's capacity to write business.</li> <li>➤ Continuing insurer consolidations resulting in fewer more powerful global insurers (although on the up side there has been an emergence of new companies such as Mitsui and The Underwriter within the UK).</li> <li>➤ Higher court awards, an increased "claims culture", new legislation and Civil Justice Reforms, e.g. Woolf.</li> <li>➤ Insurers repackaging their operations and seeking increased shareholder value.</li> </ul> <p>The Insurance Services Consultants concluded that, taking all factors into account, St Albans City and District Council should look to renew the cover on a three year long-term agreement.</p> <p>The reasons for the decision are that the Council receives very good quality of service from Zurich Municipal, which provides the full range of insurances required by the Council, and the advice of the Insurance Services Consultants.</p> <p>A full tender exercise would incur additional costs in these difficult financial times by appointing Insurance Brokers, the cost of the tender exercise and the cost of implementing a change of insurer if this were to be the outcome.</p>			

OTHER OPTIONS CONSIDERED		REASONS FOR REJECTION	
1. Full tender process		See reason for decision	
<b>CONSULTEES</b>			
Name	Position	Date of Consultation	Outcome of consultation (may cross reference to supplementary sheets/background papers)
..... Signature ( <i>Lead Officer/ PH/Ward M</i> )			
1. David Parrett	Financial Services Manager	23/10/02	Recommended Extension
2. Councillor Chris Oxley	Resources Portfolio Holder	24/10/02	Supported Extension
3. Councillor Julian Daly	Leader of Conservatives	24/10/02	Supported Extension
4. Councillor Malcolm MacMillan	Leader of Labour	24/10/02	Supported Extension
5. Councillor John Newman	Cabinet Member	22/10/02	Supported Extension
<b>LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT 1985)</b>			
Bibliography	Custodian	File Location	
1 Prepared report and supporting documentation	D A Parrett	District Council Offices Civic Centre St Peters Street St Albans AL1 3JE	