



REGISTERED SOCIAL LANDLORDS PANEL BULLETIN

ADMINISTRATION OF INSURANCE IN
RSLs

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AT THE HEART OF 
PUBLIC SERVICES

1 INTRODUCTION

- 1.1 RSLs administer and arrange their insurances in a variety of ways. This briefing seeks to explain a number of these ways and to highlight for readers, options they themselves might wish to consider.
- 1.2 This document consists of a number of short case studies representing different sizes and types of RSL. These, range from inner city and rural LSVTs to small special needs associations and large multi-regional organisations.
- 1.3 Further information was gathered from a questionnaire on insurance matters distributed to RSLs across the UK in spring and summer of 2006. A total of 43 respondents provided details and these illustrate the wide variety of insurance delivery and costs within the sector.

2 THE CASE STUDIES

- 2.1 Eight case studies from a wide range of RSLs are appended to this briefing . Each provides a short background on their organisation and explains the administration and governance issues around their insurance arrangements. In addition, details of insurance arranged during 2005/06 are highlighted together with a number of key statistics. The following highlights can be identified:

2.2 Insurance Premiums

The table below identifies the total insurance premiums paid by the case study associations expressed as a proportion of turnover, employees and homes.

		Total Premiums	Premiums by Unit	Premiums by employees	Premiums by turnover
		£'000	£	£	%
A	Inner city LSVT	967	56.88	1,560	1.93%
B	Combination over large geographical area	1,000	35.71	909	1.05%
C	Combination over large geographical area	360	30.00	774	0.84%
D	Medium sized combination	435	72.50	744	1.55%
E	Rural LSVT	211	46.89	1,563	1.32%
F	Small special needs	84	105.13	382	0.88%
G	Small LSVT	46	51.11	1,533	1.84%
H	Inner city LSVT	666	49.33	1,319	1.77%

2.3 Costs of administration

The eight associations administer their insurance work in a variety of ways. Overall their costs of administration can be summarised as follows:

		Costs per annum	Costs as proportion of premium	Costs proportion turnover
		£'000	%	%
A	Inner city LSVT	20	2.10%	0.040%
B	Combination over large geographical area	40	2.40%	0.042%
C	Combination over large geographical area	9	2.50%	0.021%
D	Medium sized combination	26	6.00%	0.090%
E	Rural LSVT	7	3.30%	0.044%
F	Small special needs	4	4.80%	0.042%
G	Small LSVT	1	2.20%	0.040%
H	Inner city LSVT		0.00%	0.000%

3 THE INSURANCE QUESTIONNAIRE

3.1 During the spring and summer 2006, 43 RSLs responded to a request for the following insurance information – full details are included in the attached Appendix.

- Turnover.
- Number of properties insured.
- Number of employees.
- Estimated net costs of insurance administration.
- Insurance premiums paid (including IPT and VAT).
- Excess charge(s) required under insurance policy.
- Number of public liability claims in 2004/05.
- Renewal date for insurance policy.
- Claims administration procedures.
- Whether tenants' contents insurance is provided.
- Whether leaseholders' insurance is recharged.

3.2 The respondents were mainly smaller RSLs, with 34 managing 4,000 homes or less and 13 of them managing under 1,000 homes. Only 14 of them employed more than 100 staff. The relevant turnovers of the RSLs ranged from £0.5m to £164m, with insurance premiums ranging from £16k to £1.7m. The majority were able to give an indication of their insurance administration costs.

3.3 Key features from the results include:

- There are a wide range of excess charges in place with insurance policies, ranging from zero to £50,000, dependent on the type of policy.
- Policy renewal dates were spread over the year although just over a third renewing in April.
- There are number of different methods of claim administration, from hard copy posted forms through to telephone and internet processes, with different thresholds of claims triggering the involvement of loss adjusters.
- Only 7 provided tenants contents insurance although a further 7 provide information and schemes through brokers, agents or national associations.

- Where RSLs provide insurance services to leaseholders, the majority of these are recharged. However, some do not charge - for example, the Benchmark Rent regime in Wales prevents such recharging.
- There is no clear correlation between the numbers of properties insured and the net costs of insurance administration, or between properties insured and premiums paid.
- Premiums as a percentage of turnover ranged from 0.8% to 5%. However 25 (58%) of associations managed to keep costs below 2% of turnover and 37 (86%) were under 3%.
- Administrative costs, where provided varied widely from 0.03% of turnover to 0.5% although the average was around 0.1%. When expressed as a percentage of premiums paid, again there were wide differentials – from 1.5% to 12.9%.

3.4 The following additional indicators were derived from the data:

Average total premium per employee	£2,307
Average total premium per property	£75.07
Average premiums : turnover	2%
Average administration costs : turnover	0.09%
Average administration costs: total premium	3.9%

4 Questions readers may want to ask of their organisations

- 4.1 Given the small sample of associations who responded and the varying nature of the information provided, it is not possible to draw robust conclusions from the data. Nevertheless, the survey does provide comparative details, which associations can use to challenge their own costs and practices.
- 4.2 In addition, there are a number of points which may be interesting and which may become 'can-openers' to readers to investigate further. In particular, the following questions can be posed:
- In relation to your insurable risks:
 - Are there any areas you currently cover which are not cost effective?
 - Are there any insurable risks, which you are currently not insuring?
 - If your current premiums are higher than other similar associations, do you understand why? (e.g. do you have a poorer claims history or are you working within a high-risk area?)
 - Would a detailed tender exercise result in lower overall premiums?
 - Are the excess levels currently in place at the correct level for your association?
 - Are your current claims administration costs reasonable or are there alternative claims administration methods your organisation could use?

5 Further Information

- 5.1 A full list of all members of the CIPFA RSL panel is included at the back of this bulletin, and readers are encouraged to make contact with the panel if they wish to follow up any areas or to be put in touch with any of the case study associations.

Case study – A

Background

Organisation A is an LSVT group structure with 2 subsidiaries. It owns and manages a large portfolio of around 17,000 homes set in a close geographical inner city area. Properties comprise various tenures including rented and sheltered as well as a number of other leasehold homes.

Insurance Cover

All insurances, except NHF Directors are provided by Zurich. This is reviewed and is subject to a re-tendering exercise every three years.

Policy	Excess	Limit of liability/ Sum Insured
Property stock – rented	£5k	£1,373m
Property stock – leasehold	£5k	Included in above
Office Accommodation	£5k	£8.5m
Office combined (contents)	£250	£557k
Engineering/Lift	£100	N/A
Terrorism	Nil	N/A
Employer's Liability	Nil	£21m
Public Liability	£250(TPPD only)	£21m
Computer	£250	£2m
Contract Works	£250	N/A
Fidelity Guarantee	£100	£5m
Personal Accident	Nil	5 * Annual Salary
Motor	£100	N/A
Money	£50	N/A
All Risks	£100	£435k
NHF Directors	£2k	£5m, £20m in aggregate for all insured
Business Interruption	Nil	£1.3m
Professional Negligence	£2.5k	£1m or £5m

The tenants' contents insurance is outsourced. Leaflets are available in neighbourhood offices but tenants deal directly with the insurers.

Administration and Governance

The Group employs a separate insurance section comprising 2 staff which report to the Finance Director. Staff costs, including national insurance and pension currently amount to circa £56k per annum. The insurance team is responsible for arranging and administering all insurances for the Group. This includes dealing with acquisitions and disposals, providing pre contract insurance information, all claims processing, payment and recharging of premiums, contractor insurance monitoring.

New claims can be received into the organisation via the Housing Office or directly into the insurance section. Within each Housing Office is an insurance co-ordinator. They are responsible for completing the claim form and forwarding to Insurance section. The insurance section input the form onto QLAS (insurance company software package) and forwards the claim onto the insurers. The insurance section then e-mail the claim number for the claim back to the Insurance Co-ordinator. The Co-ordinator is responsible for gathering the information necessary for the insurers to deal with the claim. A checklist is available on the insurance site. This information is sent direct to the insurers. The insurers deal with the co-ordinator direct if they have any queries regarding the claim.

Key Benefits

- In house team are able to review trends in claims and focus risk management resources in those areas e.g. fires or trips in particular areas and also keep senior management informed.
- Point of contact in each housing office who is involved in local claims thus providing good service for customers and local knowledge.
- Very good relationship with insurance company as daily contact between organisations, this also means that the organisation can have an influence on the handling of claims.
- Training for staff or meetings to discuss specific issues can be arranged quickly and at no additional costs.
- Claims and queries resolved quicker – in house team know who to ask within the company to gather information rather than letter being passed round the organisation.

Key Disadvantages

- More expensive to have an in-house team rather than outsourcing claims function.
- Risk of the process being a slow paper shuffling exercise as a lot of people are involved in the process.
- Broker could have better/more up-to date knowledge of insurance market.

Key Statistics 2005/06

- | | |
|---|--|
| • Group turnover | c£50M |
| • Number of properties insured | c17,000 |
| • Number of employees (totals not FTE) | 620 |
| • Estimated net costs of insurance administration | |
| • Total premiums paid (including IPT and VAT) | c£967K |
| • Number of public liability claims in 2004/05 | 95 to date (but due to the long tail nature of liability claims this number will rise over the next two years) |

Insurance Arrangements 2006/07

As the Long Term Agreement with our insurers was due to end in September 2006, we went out to tender using the EU procurement route earlier this year. Following an evaluation process, the conclusion reached was that we awarded the contract to Zurich for a further 3 years with a possible extension of two years. There has been a significant saving of approx £256k on the 2005/06 premium.

Case study – B

Background

Organisation B is a group structure with 4 subsidiaries comprising both traditional and LSVT organisations. It owns and manages a large portfolio of around 28,000 homes spread over a large geographical area covering the Midlands, East Anglia and the South East. Properties comprise various tenures including rented, sheltered and shared ownership as well as a number of other leasehold homes.

Insurance Cover

Leaseholder buildings insurance has a £50 franchise (not excess). Repairs costing more than £50 are met in full other than for subsidence. One subsidiary has a £100 franchise, with a £200k annual aggregate deductible and stop loss cover. Another subsidiary has a £250 franchise, with a £350k aggregate deductible (self insurance) and stop loss cover. The insurance team is currently in the process of tendering for all insurance services under OJEU requirements and the Group currently has the following policies:

Policy	Excess	Limit of liability
Property stock - rented	£250 franchise	N/A
Property stock - leasehold	£50	N/A
Office combined	£250	N/A
Engineering/Lift		
Terrorism		
Employer's Liability		£10m
Public Liability		£10m per occurrence
Computer	£250	
Contract Works		
Fidelity Guarantee	£1k	£1m
Personal Accident	Nil	
Motor	£250	
Money	Nil	
All Risks	Nil	
NHF Directors		Not taken up
Directors and Officers	Nil	£10m

In addition the Group offers a Tenants' contents insurance scheme to all tenants and owners.

Administration and Governance

The Group employs a separate insurance section comprising 5 staff which reports to the Director of Audit & Risk. Except in the case of major changes (e.g. the current tender exercise) all issues are delegated to officers to deal with and there are no standard reports to Board. Staff costs, including national insurance and pension currently amount to circa £77k per annum. The insurance team is responsible for arranging and administering all insurances for the Group. This includes dealing with acquisitions and disposals, providing pre contract insurance information, all claims processing, payment and recharging of premiums, contractor insurance monitoring.

The majority of claims against the property policy are identified in the first instance by the Group's Customer Services Centre staff who are trained to identify potential insurable repairs, and flag these up when the orders are raised. The insurance team extract a weekly report of all such orders and investigate and process accordingly. Other insurable repairs are identified through the payments system.

In respect of the tenants' contents scheme, premiums are calculated and collected in house by the team who also do all policy administration, chase up arrears and if necessary cancel policies for non payment. Any claims under this policy are dealt with by the insurer's independent claims handling agency. The team therefore generates commission on this activity which is used to offset the team's costs – this, coupled with the income from the direct agency arrangement with the Group's insurers amounts to £100k per annum.

Public liability claims are forwarded directly to the insurance team who make a submission to the insurer and collate relevant information to enable the insurer to determine liability.

Key Benefits

- The majority of covers are arranged through a direct agency arrangement with the insurer which generates a substantial amount of income thus reducing the costs of the team.
- The team has built up a great deal of experience over the years and is now considering outsourcing some services to other RSLs to further improve its income generation subject to approval by the FSA.
- The relationship with the Customer Services Centre ensures that insurable information is identified leading to good history of claims experience.
- The team's experience enable them to negotiate strongly with insurers regarding premiums.
- This overall approach enables the Group to bring a strategic perspective to insurance and risk management.

Key Disadvantages

- The team is reliant on the skills and experience built up by the insurance manager over many years. The Director therefore has contingency plans in place which would be implemented if this individual were to leave.

Key Statistics 2005/06

- | | |
|---|---------|
| • Group turnover | c£95M |
| • Number of properties insured | c28,000 |
| • Number of employees (totals not FTE) | 1,100 |
| • Estimated net costs of insurance administration | £40k |
| • Total premiums paid (including IPT and VAT) | c£1m |
| • Number of public liability claims in 2004/05 | 56 |

Insurance Arrangements 2006/07

The insurances for 06/07 were tendered under EU Regulations with the result that the business is now placed through brokers. The direct agency arrangement with the previous insurer having ended means a loss of commission but this has been more than offset by the significant premium savings. Premium spend 2005/06 was approximately £1.7m, for 2006/07 approximately £1m. Franchises, excesses, annual aggregate deductibles are unchanged as are indemnity limits other than for Employer's liability which is now £20m. The insurance team continue to administer the residents' household

contents insurance scheme dealing with the total process from issue of documents to arrears monitoring and cancellations. This activity now generates approx £25,000 commission.

Case study – C

Background

Organisation C is a group structure with 2 subsidiaries, one traditional and one LSVT. It owns and manages a portfolio of around 14,000 homes spread over a wide geographical area covering the Midlands, East Anglia and the South West. Properties comprise various tenures including rented, sheltered and shared ownership as well as a number of other leasehold homes. Although the association arranges property insurance for leaseholders, these costs are charged in full to leaseholders.

Insurance Cover

All insurances, except NHF Directors is provided by ZMI. This is reviewed and subject to a re-tendering exercise every three years. The Group also engages an independent insurance advisor to assist with this and provide technical support where necessary.

The group currently has the following policies:

Policy	Excess	Limit of Liability
Property stock - rented	£10k	£501.5m
Property stock - leasehold	£50	£45.7m
Office combined	£1k	£1.36m
Engineering/Lift	£250	
Terrorism	£10k	£608.2m
Employer's Liability	Nil	£10m
Public Liability	Nil	£10m
Computer	£1k	£0.7m
Contract Works	£250	
Fidelity Guarantee	£25k	£5m
Personal Accident	Nil	£10k
Motor	£500	£2k
Money	£50	£250k
All Risks	£100	
NHF Directors	£2.5k	£5m, £20m in aggregate for all insured

In addition the Group offers a Tenants' contents insurance scheme to all tenants and owners. This was arranged with a separate broker, following a tender exercise three years ago – the only work required by the association is to pass on details of the scheme to new tenants and to advertise the service wherever possible. All premiums are calculated and collected by the brokers who also chase up arrears and if necessary cancel policies for non-payment. Any claims under this policy are also passed straight through to the broker.

Administration and Governance

The Group does not have any insurance staff and insurances are arranged and monitored by the Management Service Director (IT, vehicles and offices) and the Finance Director (all other policies). A schedule of proposed policies is taken to the Finance Committee for approval annually and uninsured risks are highlighted and discussed.

Housing staff are meant to identify all insurable repairs and code these to a separate code for information. However, in practice, as the excess is set at £5k, the majority of smaller items are not identified and logged. Only larger claims are identified when information is also passed to the finance department to liaise with the insurer for payment of any monies due. Public liability claims are passed straight through to the

insurer by regional housing staff. Leaseholders should also contact the insurers direct if they have any claims.

The Directors have a bi-annual meeting with the insurer to review performance of the portfolio and have access to statistical information on-line, for all current and previous claims.

Key Benefits

- The costs of the insurance function equate to just a small proportion of total insurance premiums (2.5%).
- The advisor has extensive experience of the RSL sector and provides an independent review of the cover required and recommends changes as necessary.
- The Group does not have any involvement in either the administration of the tenants' contents insurance or in dealing with claims from leaseholders.

Key Disadvantages

- Operational staff do not always recognise insurable repairs and therefore the history of claims is poor.
- It could be argued that the relationship with Brokers is at a high cost to the Group, with two Director posts being involved.

Key Statistics 2005/06

- | | |
|--|----------------|
| • Group turnover | c£43M |
| • Number of properties insured | c12,000 |
| • Number of employees (totals not FTE) | 465 |
| • Estimated costs of insurance administration | c£9K |
| • Total premiums paid (including IPT and VAT) | c£360K |
| • Number of public liability claims in 2004/05 | none over £50k |

Insurance Arrangements 2006/07

Case Study D

Background

Organisation D is a Group Structure with three subsidiaries comprising two Co-operatives and a Housing Association specialising in BME communities. It owns and manages 6,500 homes across the West Midlands. Property type includes general needs rented, leaseholder, sheltered, shared ownership, care and support, and retirement homes for sale. Leaseholders are recharged this insurance cover through their service charge.

Insurance Cover

The organisation has historically operated within long term agreements for periods of three years. The current agreement expires in 2007. This is a direct agreement between the organisation and the insurer, a broker is not used. Renewal paperwork is completed annually. Re-tendering will be in line with the OJEU requirements.

Insurance cover consists of two block policies (one for Organisation D and the two Co-operatives, and one for the subsidiary Housing Association). Both policies have consistent cover arrangements:

Cover	Excess	Limit of Liability
Housing Stock: Buildings	£500	N/A
Housing Stock: Contents	£100	N/A
Leasehold, Shared Ownership Properties	£100	N/A
Residents' Effects	£100	N/A
General Properties: Contents	£250	N/A
General Properties: Buildings	£250	N/A
General Properties: Computers	£250	N/A
Works in Progress	£250	£1m
Business Interruption	NIL	N/A
All Risks	£100	N/A
Money	£50	Various
Public Liability	NIL	£10m
Employer's Liability	NIL	£25m
Professional Negligence	£1k	£2m
Legal Expenses	N/A	£100k
Motor	£250	Various
Engineering Insurance	£100	N/A
Fidelity Guarantee	£1k	£1m
Personal Accident	NIL	N/A
Terrorism	NIL	£50m
NHF Directors Top Up		£1m

The Organisation offers information on a tenants' contents insurance scheme. This is advertised and leaflets are made available to residents. However, residents deal directly with the insurer, not through the Organisation.

Administration and Governance

The insurance services are administered by two full time staff. Insurance represents 50% of each person's job specification. Staff costs amount to circa £52K per annum. This team is based within the Resources section and reports to the Director of Resources.

Public and Employer's liability claims are dealt with by this team. Information is received and forwarded to the Insurer along with completed claim forms. Investigation evidence is sent to the Insurer as soon as it is collated.

Property claims are dealt with by designated regional staff. They inform the insurer, complete claim forms and forward appropriate invoice documentation as work is completed.

The majority of vehicle claims are handled directly by the drivers. Correspondence is forwarded to WNS Assistance via Masterlease. WNS is an outsourced service provider that specialises in administering vehicle claims.

The Insurance Team monitor claims progress via the insurer's management reporting system on their website. Regular meetings are held with the insurer to review claims information, discuss cover requirements and loss ratios. Information produced bi-annually by the insurer is summarised and provided to the Resources and Audit Committee and Executive meetings for analysis and discussion. Insurance requirements are reviewed within the Group's Risk Strategy.

Key Benefits

- Staff have direct contact with the insurer who has experience and understanding of the social housing market. The insurer has named staff specialising in different areas ensuring good communication and prompt assistance/advice.
- In house team are able to deal with staff queries, chase for information, investigate documents, monitor progress of claims etc.
- Staff prefer to make enquiries to in house personnel than to an external company.
- Each region has a first point of contact for dealing with property claims, thus providing good, local service to residents.
- Insurance service arrangements are similar to other RSL's, thereby allowing comparisons and benchmarking of information between Organisations.

Key Disadvantages

- Time spent by the Insurance Team dealing with queries can adversely impact on other job commitments.
- There may be delays in the process/administration of claims if in house staff are absent.
- Identifying potential insurable repairs is reliant on skills and experience of regional staff.

Key Statistics

- | | |
|--|--------|
| • Group turnover | c£28M |
| • Number of properties insured | c6,000 |
| • Number of employees (totals not FTE) | 585 |
| • Estimated costs of insurance administration | c£26K |
| • Total premiums paid (including IPT and VAT) | c£435K |
| • Number of public liability claims in 2004/05 | 9 |

Insurance Arrangements 2006/07

We are currently in the last year of a 3 year long term agreement with our existing Insurer. During this period we have seen improvement in our claims history and as a result the rates applied by our Insurer have been maintained. We are currently in the process of tendering our insurances in accordance with EU tendering requirements and the new policy will take effect on 1 April 2007. Our expectation, based upon our improved claims record and a softer market, is that premiums for 2007/08 will reduce.

Case study – E

Background

Organisation E is a group structure comprising a rural LSVT in the Midlands with 4,300 homes and a registered company providing 200 homes for private rent and specialist social housing. Properties comprise various tenures including rented, sheltered and shared ownership as well as a number of key worker homes. The group does arrange property insurance for leaseholders, but these costs are charged in full to leaseholders.

Insurance Cover

All insurances, except the NHF Directors and Officers Liability policy are arranged via a leading insurance broker. The insurance policy states that the contract period shall not be less than three years and not more than five years.

The group currently has the following policies:

Policy	Excess	Limit of Liability
Property stock – rented	£2.5k	£2m
Property stock – leasehold	£Nil	£2m
	£2.5k subsidence	
Office combined	£250	Various
Engineering/Lift	Special terms	
Terrorism	£Nil	£5m
Employer's Liability	£Nil	£15m
Public Liability	£500	£15m
Excess Property Owners Liability	£Nil	£3m
Computer	£250	Various
Contract Works	£250 (£500 theft/malicious damage)	£2.5m
Fidelity Guarantee	£10k	£1m
Personal Accident	£Nil	N/A
Motor – Commercial Vehicles	£100	£5m third party damage
Motor – Cars	£100	
Money	£250	Various
Professional Indemnity	£15k	£1m
Commercial Legal Expenses	£250 contract disputes, £Nil for other	£50k one claim up to a total of £1m
NHF Directors	£2.5k	£5m

We do not provide tenants' contents insurance directly to our tenants. We do however advertise a home contents insurance plan in our tenants' newsletter where the tenant deals directly with the insurance company.

Administration and Governance

The Finance Manager and Finance Officer (Creditors) are the main contacts with the insurance brokers, dealing with claims administration, coordinating the renewals information and dealing with any other insurance issues. There are regular review meetings with brokers during the year. We report the level of insurance cover to Management Team and Audit Committee on an annual basis. Uninsured risks are highlighted and discussed. Insurance issues and outstanding claims are reported to quarterly risk panel meetings.

Key Benefits

- The brokers provide a one-stop-shop for all risk management and insurance needs.
- Brokers have the specialist knowledge and expertise to deal with insurers.
- The use of a broker does not require in house staff to have an in depth knowledge of insurance. Guidance is always available from the broker.

Key Disadvantages

- Annual broker's fee payable.
- No direct contact with the insurer.

Key Statistics 2005/06

- Group turnover - £16 million (budget)
- Number of properties insured - 4,528
- Number of employees (totals not FTE) – 135 (establishment)
- Estimated costs of insurance administration - £7k broker's fee
- Total premiums paid (including IPT and VAT) - £211k.
- Number of public liability claims in 2004/05 – 4

Insurance Arrangements 2006/07

All premiums are broadly unchanged for 2006/07 with the exception of property stocks. The initial renewals quote for property stock for 2006/07 was 21% higher in real terms than 2005/06. This was completely removed by increasing the excess level to £5,000. It is acknowledged the higher excess will mean some future repair costs that result from claims events will not be covered by the insurance and an increase has been made to the repair budget. This increase, however, is significantly less than the proposed increase in insurance premium.

Case Study F

Background

Organisation F is a small sized special needs housing association with 799 bed-spaces in a range of properties including houses, flats, hostels and residential care homes. It covers the geographical area of the Midlands, and North West and North as far as Liverpool.

Insurance Cover

The insurance services were tendered in 2001 and a 5 year Long Term Agreement was entered into with a major insurance company with experience of this housing sector, due for renewal April 2006. Entering into a Long Term Agreement resulted in a 10% reduction in premium.

As the majority of claims are for property damage the excess of £250 was raised to £1k per claim to help reduce the premium. The material damage cover is for all properties for which the insured is responsible so includes both owned and managed properties where the lease agreement requires us to insure the building.

Cover provided:

Policy	Excess	Limit of Liability
Material Damage/theft	1k	(housing only) £525k
Business Interruption	0	£94k
Public Liability	100	£10m
Employer's Liability	0	£10m
Motor (2 mini buses)	100	Motor/building £5m Bodily injury £20m
Fidelity Guarantee	100	£250k
Legal Expenses	0	£50k
Work In Progress	1k	£750k
Housing Stock	1k	(all buildings) £21m
Terrorism Cover	0	(for 1 incident) £5m

There are also a number of offices and their contents covered under the policy, the limits for each being different depending on the value of the buildings and the individual contents.

There are a number of items like laptops, computers off site, projectors etc covered with a reduced excess of £100. Cash amounts also have a reduced excess of £50.

Tenants are responsible for insuring their own contents and this service is not provided by the Association.

Insurance Team

Arrangement of insurance cover is the responsibility of the Director of Resources. This has to be reported and approved by the association Board.

The administration of insurance claims is undertaken by the part time PA of the Director as part of her normal duties working 25 hours per week. The insurance administration and dealing with queries varies each week but is about 25-30 hours per month.

All Project Managers are responsible for notifying the Finance Department of incidents recording them on an electronic form which goes direct to a database. The PA then

pursues those over £1,000 as an insurance claim, co-ordinating necessary paperwork and dealing with queries in order to settle the claim direct with the insurers. There is a timescale of 6 months to settle property damage claims, agreed with the Director of Resources and this is reviewed at Appraisal. Incidents under £1,000 are recorded but not actual costs.

Any public liability claims received are forwarded immediately to the PA for transmission to the insurance company. Insurers may however deal directly with managers on such claims.

Key Advantages

- The in-house database enables quick reporting to management.
- The in-house coordinator is aware of new projects coming on line and can ensure there are no gaps in cover.
- Having a central coordinator ensures that claims get settled more quickly.

Key Disadvantages

- Heavy reliance on one person, when the PA is absent, insurance waits.
- Lack of detailed knowledge or input to insurance. It comes second to other priorities.
- No proactive work undertaken on benchmarking or cost comparisons.

Key Statistics

Turnover 2005/06	£9.6million
Number of properties insured	799
Number of employees	220
Estimated cost of Insurance administration	£4k
Insurance premiums (including IPT and VAT)	£84k
Number of public liability claims in 2004/05	2/3

Insurance Arrangements 2006/07

The information supplied covered 2005/6 as our renewal date is in September. We are currently finalising the premiums for next year, it appears at this stage that they will stay broadly the same as they are at the moment.

Case Study G

Background

Organisation G is a housing association with 900 properties in a close geographical outer city area. The properties contain a mix of houses and flats, either rehabilitated or new build. The properties are predominately rented with only 12 shared ownership units.

Insurance Cover

The insurance services were tendered in 2002 and a long term Agreement with the successful tenderer was entered into for four years.

The association currently has the following policies:

Insurance	Excess Per Claim	Limit of liability
Housing Stock	£250	£87m
Office Accommodation	£500	£1.2m
Office Fixtures and Fittings	£500	£25k
Computers	£250	£123k
Vehicles	£250	£20k
Money	£500	£8k
All Risks	£500	£8k
Stores	£500	£103k
Public Liability	£250	£10m
Employer's Liability	£500	£10m
Play Equipment	£100	£100k
Personal Accident	£500	4 x salary
Fidelity Guarantee	£100	£250k
Legal Expenses	£500	£500k
Professional Indemnity	£5k	£1m
Directors' and Officers' Liability	£5k	£1m
Contractors All Risks	£500	£1m

The tenants' contents insurance is outsourced.

Administration

Arrangement of insurance is the responsibility of the Finance Manager, who reports to the Director. This must be approved by the Finance and Personnel Sub-Committee.

All housing stock insurance claims are received into the organisation via the Maintenance Officer who is responsible for completing the claim form and sending this to the Association's Insurance Brokers. On-line access is available for tracking progress of any claims on the broker's web-site. The brokers deal with the Maintenance Officer if they have any queries regarding housing stock insurance claims.

All other insurance claims, including liability claims are submitted by the Finance Manager, who is responsible for all aspects of these claims.

Leaflets are available in the Association's offices re tenants' contents insurance but tenants deal directly with the appropriate insurers.

Key Advantages

- Brokers have better / more up to date knowledge of insurance market.

- It is believed to be less expensive to use the broker service rather than have a specialised in-house member of staff.

Key Disadvantages

- Low level of excesses of £250 can mean excessive time spent on Housing Stock Insurance Claims by Maintenance Officer.
- The association has no specialist knowledge of current insurance issues / market conditions.
- Use of a broker rather than a dedicated in-house specialist may result in delays in claims being settled.

Key Statistics

Turnover 2005/06	c£2.5m
Number of properties insured	c900
Number of employees	c30
Estimated cost of Insurance administration	c£1k
Insurance premiums (including IPT and VAT)	c£46k
Number of public liability claims in 2004/05	none

Insurance Arrangements 2006/07

Since 2005/06 the Association has gone out to tender for its insurance services for the next three years and has been able to achieve a substantial saving, particularly in its Housing Stock, where they were able to reduce premiums by approximately 17%.

Case study – H

Background

Organisation H is a large LSVT association in a tight geographical urban area. It owns and manages a portfolio of around 13,500 homes in the North West of England. Properties comprise rented, sheltered and leasehold. Although insurance is arranged for leasehold properties, the full costs are charged to leaseholders.

Insurance Cover

All insurances, except NHF Directors are through an insurance broker with extensive experience of the RSL sector. This is reviewed and subject to a re-tendering exercise every three years.

The group currently has the following policies:

Policy	Excess	Limit of Liability
Property stock – rented	£5K	£5M
Property stock - leasehold	£5K	£5M
Office combined	£250	£500K
Engineering/Lift		
Terrorism		
Employer's Liability	Nil	£10M
Public Liability	Nil	£5M
Computer		£250K
Contract Works	£2.5K	£2M
Fidelity Guarantee	£10K	£2M
Personal Accident		
Motor	£500	£5M
Money	£50	
Legal expenses	£250	£100K per claim £1M per period of insurance
All Risks		
Professional indemnity	£5K	£1M
NHF Directors		

In addition the organisation offers a Tenants' contents insurance scheme.

Administration

All property and liability claims are administered by the Rent Accountancy team (this is a small part of their duties) who forward the information onto the insurers for appropriate claims handling. The claims handling fee (approx £16,500) is identified separately within the total premium paid.

In terms of the tenant content insurance scheme premiums are calculated and collected in house by the same team who also set up new accounts, chase arrears and if necessary cancel policies for non-payment. Any claims under this policy are dealt with by the insurer's independent claims handling agency. The team generates commission (approx £27K) on this activity which offsets the team's costs.

Key Benefits

- The costs of the insurance function equate to just a small proportion of total insurance premiums.

- The advisors have extensive experience of the RSL sector and provide an independent review of the cover required and recommend changes as necessary.

Key Disadvantages

- Operational staff do not always recognise insurable repairs and therefore the history of claims is poor.

Key statistics 2005/06

• Group turnover	c£37.6m
• Number of properties insured	c13,500
• Number of employees (totals not FTE)	505
• Estimated costs of insurance administration	c£5k
• Total premiums paid (including IPT and VAT)	c£666K
• Number of public liability claims in 2004/05	n/a

Insurance Arrangements 2006/07

The insurance arrangements for 2006/07 are broadly as for 2006/07 with premiums increasing to £703K. This increase was due in the main to an increase in our motor fleet insurance. Overall the premiums increased by 7.2% but the property stock insurance had been increased by Building Cost Index of 8.8%.

CIPFA's RSLs PANEL

The RSLs Panel reports to the Institute's Public Finance and Management Board. Its areas of interest and activity are:

- Consideration of finance and policy issues relating to registered social landlords.
- The production and dissemination of relevant advice and material on best practice for members and employers on social housing issues.
- Responding to government, professional bodies' and other bodies' consultation and discussion papers.

The Panel meets three times a year. Its meetings consider technical issues in the field of social housing finance, responses on government and others' consultation papers, and Panel projects.

Panel members

The Panel membership includes practitioners and consultancy firms working in and for RSLs, along with representatives from the National Housing Federation and national regulators. Its current membership consists of:

Anne Turner (Chair)	Orbit Housing Group
Charles Brotherton	Rooftop Housing Group
Arthur Cockburn	Prospect Community Housing Association
Tony Deakin	The Wrekin Housing Trust LTD
Nigel Devlin	Guinness Trust Group
Bob Hartness	Scottish Federation of Housing Associations
Lakhbir Jaspal	Accord Housing Group
Mei Lee	Welsh Federation of Housing Associations
Harry Lloyd	Welsh National Assembly
Brian Logan	Bield Housing Association
Patrick McCarthy	Wirral Partnership Homes
Arthur Merchant	RSM Robson Rhodes
Katrina Michael	Mid Wales Housing Association
Michael Rafferty	N. Ireland Federation of Housing Associations
Deb Reynolds	Adullam Housing Association
Julie Robinson	Whitefriars Homes Ltd
David Taylor	Consultant
Norman Thomas	Places for People Group
Bob Wilson	National Housing Federation
Philip Winter	The Housing Corporation
Roy Yates	Communities Scotland

Secretariat	
Julian Smith (Secretary)	CIPFA
Carole Hicks	CIPFA

FURTHER DETAILS

Details about the RSLs Panel and its activities can be found on the Panel website www.cipfa.org.uk/panels/RSL

COMMENTS

If you have any comments or suggestions regarding this bulletin please contact Julian Smith, Policy Support Officer, CIPFA, 3 Robert Street, London, WC2N 6RL (tel 020 7543 5795 or email julian.smith@cipfa.org).