**SPECIFICATION OF REQUIREMENTS**

**Introduction**

This section provides details of the Council’s requirements in relation to the appointment of an Insurance Service Provider in respect of the Tenants Home Contents Insurance Scheme which is presently administered by the Council through their ALMO partners, East Kent Housing.

**Background**

The council has operated a tenant’s contents scheme for a number of years and there are approximately 3,400 properties (that could take advantage of the scheme) within the council ownership. The scheme take-up is voluntary for our tenants and at this stage approximately 13.3% of tenants take advantage of the scheme.

The council, through their ALMO partners, East Kent Housing, under-take the administration of the scheme which involves;

* Provision of proposal forms;
* Issuing policy documentation to customers;
* First point of contact for customers in connection with any policy and/or scheme enquiries.
* Collection of Tenants weekly premium through rent

The council’s commission based on 20%.

Detailed below are current scheme performances (Shepway D C Tenants Insurance Scheme, Claims Data**)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2014** | **2015** | **2016** | **2017** | **Totals** |
|  |  |  |  | **to Oct 2017** |  |
| **Net Written Premium** | **£17,139.07** | **£20,664.25** | **£21,503.06** | **£13,348.58** | **£72,654.96** |
|  |  |  |  |  |  |
| **Incurred Claims** | **£46,826.00** | **£32,740.57** | **£14,237.00** | **£7,257.00** | **£101,060.57** |
|  |  |  |  |  |  |

**Requirements**

Shepway District Council is seeking to appoint a Service Provider to provide and facilitate the provision of Insurance Services for a Tenants Home Contents Insurance Scheme. The Council’s current contents insurance scheme arrangements expire on 1st April 2018 and require a Service Provider to cover the insurance scheme from Monday 2nd April 2018. The council is looking for a 2 year contract with an option to extend for a further 12 months + 12 months period.

Premium is to be collected weekly based on a 50 week period. Claims are made direct to the insurer and must be available by telephone.

The Service Provider will need to demonstrate their ability to administer similar schemes as dictated by any conditions laid down by the Financial Conduct Authority and must be able to ensure a seamless transition for insurance coverage for our tenants by 2nd April 2018 start date.

It is intended under this contract that the Service Provider will offer a range of marketing support to maximise take-up amongst tenants of the District and all associated costs will be deemed to be included. The council would expect to work with the Service Provider to promote the new insurance and, where possible, increase the uptake of the scheme.

**Cover**

The Council requires standard and accidental damage cover, within the range of £7,000-£35,000, in increments of £1,000 with no excess on standard and accidental damage cover.

The requirement of policy offer is expected to cover the

**For any one claim Insurers will not pay more than:**

|  |  |
| --- | --- |
| **Perils** | **Minimum Indemnity Levels** |
| Breakage of glass and mirrors | the sum insured |
| Damage to electrical equipment | the sum insured |
| Household Removal | the sum insured |
| Contents Temporarily Removed | the sum insured |
| Mugging/Hold up cover | £300 |
| Loss of Rent & Temp Accommodation | 20 % of the sum insured |
| Loss and Theft Of Keys | the sum insured |
| Freezer Contents | the sum insured |
| Tenants Responsibility | 20 % of the sum insured |
| Tenants Improvements | £2,000 |
| Loss of Metered Water and Oil | £1,000 |
| Contents In The Open | £500 |
| Wedding/ Christmas/Religious Gifts | £1,500 |
| Students Personal Belongings | £2,500 |
| Replacing Documents | £1,000 |
| Third Party Liability | £2.5m |
| Third Party Liability (employees) | £5m |
| Court Awards | £1m |
| Accidental Death | £7,500 |
| Visitors Personal Possessions | £750 |
| Emergency Access | £750 |
| Shopping in Transit | £200 |
| Valuables | 33.3% of the sum insured or £5,000 (whichever is the greater) |
| Individual Valuable Item Limit | £1,500 |
| Money | £250 |
| Credit Cards | £500 per card |
| Tapes/Discs/Records | £1,000 |
| Theft from Outbuildings | £2,000 |
| Theft from Garages away from the home | £200 |
| Bogus Officials (See theft peril) | the sum insured |
| Unoccupancy | 60 days in a row |

Standard Cover Policy Excess Nil

Accidental damage Policy Excess Available Nil

In addition to the above, the council also requires optional extensions cover detailed below;

* Personal Possessions
* Structure cover for Garden Huts, Garages, Greenhouses
* Hearing Aids
* Wheelchairs/Mobility Scooters

Any other extensions will be welcome

**Scope**

The scope and requirements of the Service Provider’s service and work to be undertaken by the Service Provider is detailed below – along with outline insurance information. Any additional information required for the tendering exercise will be made available, on request, to the Service Provider (subject to availability).

The Service Provider should be able to demonstrate a proven track record of administering this type of insurance, a commitment to ensure the council receive value for money for their tenants at the price, demonstrate a full understanding of the scheme offered and have an understanding of social housing.

The scheme proposed to us by the Service Provider, must be in accordance with the insurance industry best practice, be transparent and open and clearly set out the requirements of any scheme. All who are asked to quote for this work must have/be able to demonstrate

* proven track record in providing such schemes
* specialist knowledge and a period of time in the tenants contents scheme market
* long term commitments to such schemes
* properly licensed and regulated by the relevant authorities
* properly audited by recognised auditors
* general underwriting policy

After the award of the contract for the scheme, the Service Provider will

* monitor the performance of the insurer, loss adjuster making sure that they adhere to the service standards agreed
* produce and analyse management information (bi annual) to include
  + premiums received
  + tenants participation
  + number and type of claim received/settled/outstanding
  + claims breakdown by type of loss
  + monitoring of claims settlement timescales
  + marketing analysis
  + performance reports
  + Loss ratios
* act on behalf of the council and/or its tenants as mediator in cases where there may be a dispute to ensure an equitable settlement
* ensure all complaints are handled as per the FCA regulations

Please find detailed below the current breakdown:

|  |  |  |
| --- | --- | --- |
| **Sum Insured** | Insurance CoverNumber of Tenants with Standard Customer Breakdown | **Insurance Cover**  **Number of Tenants with Accidental Damage Customer Breakdown** |
| £7,000 | 40 | 26 |
| £8,000 | 23 | 10 |
| £9,000 | 55 | 17 |
| £10,000 | 55 | 42 |
| £11,000 | 6 | 3 |
| £12,000 | 15 | 11 |
| £13,000 | 4 | 4 |
| £14,000 | 6 | 4 |
| £15,000 | 20 | 13 |
| £16,000 | 1 | 6 |
| £17,000 | 3 | 4 |
| £18,000 | 8 | 2 |
| £19,000 | 1 | 1 |
| £20,000 | 18 | 11 |
| £21,000 | 1 | 3 |
| £22,000 | 0 | 1 |
| £23,000 | 0 | 0 |
| £24,000 | 1 | 0 |
| £25,000 | 15 | 9 |
| £26,000 | 0 | 1 |
| £27,000 | 0 | 2 |
| £28,000 | 0 | 1 |
| £29,000 | 0 | 0 |
| £30,000 | 0 | 2 |
| £31,000 | 0 | 0 |
| £32,000 | 0 | 0 |
| £33,000 | 1 | 0 |
| £34,000 | 0 | 0 |
| £35,000 | 4 | 6 |

# The Operation of the Scheme will require:

A Tenants Home Contents Insurance Scheme that will

* be operational from Monday 2nd April 2018 with sufficient time for documents to be sent to tenants, namely:-
  + Schedule of Insurance – to be in “plain English”
  + Policy literature/booklet – to be in “plain English”
  + Annual review notice
  + Endorsement showing any changes
* allow for the cost of marketing the scheme (to maximise up take) to be included within any bids received – to ensure this is specific and relevant to all tenants
* provide competitive premiums, comprehensive cover and generous cover limits, whilst ensuring sustainability of the scheme
* provide an income for the council that will cover the cost of administration (the council’s commission based on 20%)
* be administered by the council through East Kent Housing, which includes
  + issuing of application forms to tenants
  + processing of application forms
  + collection of revenue from tenants (via the rent processing system) and passing this through to the broker
* allow tenants to join the scheme at any point during the contract term, subject to acceptance by the insurer
* cover the entire district of Shepway, regardless of geographical location, property type or personal circumstance
* provide cover for an incremental increase from £7,000 to £35,000, for all tenants
* Additional cover may be provided in excess of £35,000 at the discretion of the insurer.
* Premium rates quoted for the following
  + nil excess
  + standard cover
  + full accidental damage cover option
  + will include the insurance premium tax
* Claims to be administered promptly, efficiently and if appropriate within the insurance industry service guidelines (CPR)

Key elements of the contract will be -

* Policy cover
* Sustainability of set price over a given period
* Claims management experience
* Ease of administration
* Any other extensions of cover which demonstrate the flexibility of the Insurer to give enhanced value for money to the tenant.