

REPORT TO SOCIAL WORK AND HOUSING COMMITTEE – 31 MARCH 2016

TENANTS CONTENTS INSURANCE REVIEW

1 Recommendations

The committee is recommended to:

1.1 Acknowledge and comment on the contents of this report

2 Background/Discussion

2.1 The Council's Tenants' Contents Insurance Scheme has been in existence for many years, arranged through Marsh UK Limited Insurance Brokers. The service was retendered in 2014 and Marsh won the tender and the new contract, for three years, effective from April 2015. They have provided excellent service during the entire time the scheme has been in place and officers hold an annual review meeting each January with Marsh to review operation and examine claims data etc and general scheme performance

2.2 Premiums are competitive and paid with rent. If a tenant gets into arrears, cover is nullified. We collect the premiums and administer the scheme, but Marsh provide all the publicity information and forms etc. The HRA receives payment to cover the costs of administration and premiums are paid quarterly to the insurers less the admin fee. The minimum cover is £9,000 and the maximum £40,000 and covers contents only. As a result of the retendering exercise in 2014, the actual premiums paid by tenants under the TCI scheme were reduced by 30% but the IPT (Insurance Premium Tax) was increased in November 2015 from 6% to 9.5%. The net effect is a one pence weekly increase per each £1,000 of cover

2.3 Of our 12,800 tenants, the numbers on the TCI scheme varies between 1,200 and 1,800 year on year. Current numbers on the scheme are 1,644, which is good for a LA scheme. Broken down by area:

Banff & Buchan (395)
Buchan (272)
Formartine (222)
Garioch (359)
Kincardine & Mearns (167)
Marr (229)

2.4 In the seven years between 2009 and 2015 inclusive, total claims amount to 557. The top three claim reasons are Accidental Damage (335); Escape of Water (57); Frozen Food (22). During the same period, claims for "Flood" only totalled 10, but already, as a result of the Ballater floods, the insurers have dealt with 4 claims totalling £20,000 (one large claim; three small claims). One of the key issues highlighted by the recent floods (when staff contacted

tenants adversely affected) was that a number had no contents insurance cover. Tenants are not obliged to carry any contents cover and some arrange their own insurance cover. The premiums are fixed with Aberdeenshire Council for the duration of the contract and there is no question that tenants are penalised for living in perceived “risk” areas through higher premiums arising from claims. Currently, in the Aboyne/Ballater/Tarland area, 47 council tenants are on the scheme, included within the Marr figure above

- 2.5 Promotional pamphlets are available at Housing Offices and Tenancy Services staff highlight the TCI scheme to tenants at sign up and at Settling-In Visits, but without any “hard sell.” The Insurers have developed a staff training video (the scheme is now administered centrally by Tenancy Services Resources Team) and as TPPT are keen on promoting it, Marsh has been asked to produce a promotional video aimed at tenants that could be placed on the TPPT Facebook page and Council website. This was in light of the recent flood damage
- 2.6 The Head of Finance, the Monitoring Officer within Business Services and the Head of Human Resources and Organisational Development have been consulted on the contents of this report, and are in agreement with it.

3 Equalities, Staffing and Financial Implications

- 3.1 There are no staffing or financial issues arising from this report.
- 3.2 As this report is for information only, no EIA is required

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