

### **Report on the Insurance Renewal 2022-23**

Our insurance brokers James Hallam Ltd, formerly WPS, have renewed our insurance for the period 1<sup>st</sup> July 2022 to 30<sup>th</sup> June 2023.

In line with national trends the premium is in excess of that which was budgeted back in September/October 2021.

#### **Motor vehicle insurance**

Budget £6,100.00

Actual £7,403.56 (actual 2021-22 £5,748.00)

Increase 17.6% over Budget

This is the consequence of having two large claims in the previous two years (one for £14,000 the other £7,000).

#### **Commercial Combined Insurance**

Budget £26,968.00

Actual £44,779.32 (actual 2021-22 £22,237)

Increase 39.77% over Budget

#### **Why the increase?**

Insurers are expecting inflation for this year to be 11% and have increased their premiums accordingly. Expected cost of repairs and materials, particularly for heritage assets, have increased and are expected to rise further. 65% of policies are in long term agreements so those who are now no longer bound by such agreements, such as SWTC, are carrying the brunt of the increase for the rest of the market. The market has also been impacted by Covid and the war in Ukraine with its effect on the supply chain. Insurance companies have a lot of money invested in rental property and the drop in office accommodation has had an effect on their incomes. Global warming has also been a factor with increased claims for flooding. The Solvency II Directive, which came into force in 2016 means insurance companies must hold more cash reserves. The market has contracted. Our previous insurer, Royal & Sun Alliance, was sold in 2020 and has since withdrawn itself from certain insurance sectors including Town councils. Our new insurer will be Aviva.

The overspend of these budget headings will remain as negatives. Shortfalls in expenditure budgets may be offset by income streams exceeding budgets. Any net overspend will be taken from General Reserves.

Our broker is an independent company based in Plymouth that acts for many councils around the country. They have carried out three market tender exercises in the last 5 years, insurers are risk averse in a hard market. Increases of 50% are anticipated later in the year for those with later renewals.

The Budget for 2023-24 will have to take as the baseline this year's premiums plus a minimum inflation adjustment of 5%.