



THIS ITEM IS FOR INFORMATION ONLY

(Please note that "Information Only" reports do not require Integrated Impact Assessments, Legal or Finance Comments as no decision is being taken)

Title of meeting: Cabinet Member for Housing & Tackling Homelessness

Subject: Local Authority Housing Service – Contents Insurance Renewal

Date of meeting: 24th July 2024

Report by: James Hill, Director of Housing, Neighbourhood and Building Services

Report Author: Bob Hughes, HNB Business Team Manager

Cabinet Member: Cllr Darren Sanders

Wards affected: All

1. Requested by

1.1 This report was requested by Cllr Darren Sanders, Cabinet Member for Housing and Tackling Homelessness.

2. Purpose

- 2.1 The report outlines the approach taken by Business Support Services in the renewal of the Tenants Home Contents Insurance which came into effect 30th June 2024.
- 2.2 To outline the benefits of the Tenants Home Contents Insurance scheme to promote the take up of the scheme with local authority tenants.

3. Background

- 3.1 The availability of a Home Contents Insurance Scheme was developed and introduced in 2016, in response to on-going demands from new and existing tenants who were advised that, whilst the building they occupied was insured by PCC, this did not include the personal contents within their home.
- 3.2 The scheme is a simple solution to provide a suitable, affordable low-cost insurance product, to enable housing tenants protection from the threat of any sort of damage



to the contents of their properties.

- 3.3 The role of AON (PCC's appointed broker) is to work collaboratively with PCC Corporate Insurance Team to establish a suitable provider of our Housing Contents Insurance Scheme by undertaking benchmarking and negotiations with a variety of Insurance companies on behalf of HNB (the client). The terms of the renewal process are agreed with AON annually.
- 3.4 The agreement with our current provider Aviva expired on 29th June 2023. On 17th May 2023 Aviva offered a 1-year extension to the existing contract, with rates remaining the same as 2022/23. The extension was accepted.
- 3.5 The date required to renew the current scheme was 30th June 2024.

4. Delivering a scheme to Local Authority Housing Tenants

- 4.1 Housing, Neighbourhood & Building Services (HNB) engage with the Corporate Insurance Team as a client, with the latter overseeing the negotiation, implementation and on-going management of the scheme, HNB is fully involved in the tendering process.
- 4.2 The scheme falls outside of the Public Contracts Regulations, so therefore a formal tender is not required at the procurement phase.
- 4.3 As the client, HNB request Corporate Insurance to approach AON to find the most favourable terms for the following year, even when there are no specific changes in the drivers to deliver the scheme.
- 4.4 As part of the renewal process, between July & October 2023, HNB undertook consultation with wider stakeholders to establish what was important to them. Tenants were invited to give their view on the current scheme in the Summer 2023 edition of Husetalk. Relevant officers in HNB were also invited to comment. In October 2023 external registered housing providers were also asked if they were interested in joining the scheme.

5. Outcome of review to establish a suitable provider for 2024/25

- 5.1 In February 2024 a review of the current scheme performance was undertaken and alternative providers were considered.
- 5.2 AON confirmed Aviva the current provider had offered a renewal on the basis of existing terms with a new Level Term Assurance fixed for 3 years, therefore no increase in premiums for tenants for the same level of cover.



- 5.3 HNB has selected the offer from our current provider Aviva to renew the scheme as outlined above, with its 3-year freeze on premium costs.
- 5.4 In the current economic climate, this outcome was financially beneficial for residents, as it means the stability of no rises for the next 3 years.
- 5.5 HNB will continue to administer the scheme through its own systems.
- 5.6 AON will continue to carry out regular market exercises to check that, for their schemes as a whole, Aviva are currently offering the best possible terms for their clients.
- 5.7 Relevant documentation on the new scheme has been issued to customers at the start of June 2024.

6. Outline of scheme and its benefits

6.1 What the scheme covers

- Options of Standard Cover plus Optional Accidental Damage Cover
- Min/ Max Sums Insured: £4000 - £40,000
- Cover starts from as little as 0.35p per week*, with flexibility on how you would like to pay - weekly, fortnightly, monthly or annually.
(*based on standard cover for £4000 sum insured)

6.2 Cost position

- Based on a sum insured of £10,000 (the average chosen on the PCC scheme) our scheme will cost £0.87 per week, compared to the average cost of an open market annual contents policy at £2.54 per week for a sum insured of £12,000, as listed by moneyhelper.org.uk.
- Open market policies operate differently – these are some key points:

Tenants Contents Scheme	Open Market Policy
No excess on any claims	Usually at least £100 excess on claims, rising to around £250 - £350 on water damage claims
No minimum security requirements (locks on doors and windows)	May have minimum requirement for standards of locks (or increase in premium dependent on type)
Ability to pay in smaller increments without interest being charged	Interest will apply on monthly payments
Able to choose level of cover required from £4000 to £40,000, meaning you only pay for what you need	Sum Insured will be set at a high amount, meaning you pay for more than you need
Premiums are rated for the whole borough,	Premiums are based on property insured



not individual properties, meaning premiums are averaged out across areas	only
Coverage is tailored specifically for tenants – includes cover for tenants liability, tenants improvements and rechargeable items – like broken glass and lost keys (meaning the landlord doesn't have to chase up recharges)	Cover is generally standard based on all types of household/home
Rates are fixed for the duration of the contract (often 2 -3 years plus) – meaning no increases each year	Rates will be reviewed each year
Premiums do not go up if a claim is made – the rates remain the same for the duration of the contract	Premiums will usually be “loaded” at renewal if a claim is made
No credit checks made prior to acceptance, and minimal underwriting criteria	Various disclosures are required and premiums are rated accordingly
Easy application process – 2 page form with a total of 9 questions	Requirement to declare various information, including building construction, value etc.
Legal and tax helpline included, as well as some accidental damage as standard	Usually an extra charge for these covers

7. Promoting the scheme

7.1 Recent incidents have shown how important it is for tenants to have contents insurance. The take up in 2023 was less than 6% (approximately 850 tenants) for what can be viewed as a competitive scheme, one that is now also available to our new tenants from the Clarion transfer.

7.2 How we intend to promote the scheme

- 7.2.1** As current take-up numbers are below average, HNB will continue to promote this scheme. With additional HNB awareness campaigns this can be improved, running alongside the work to promote the scheme already being carried out i.e. interfacing with tenants at our Area Housing Offices, HNB publications and at resident meetings.
- 7.2.2** A presentation was given at the Residents Consortium Meeting on 4th July 2024, and this can also be repeated at any relevant future events as they arise.
- 7.2.3** With some targeted marketing, further staff training and awareness sessions and other campaigns, the take-up rate could be significantly improved by highlighting the benefits of the scheme – all of these resources, along with their marketing portal, offered at no extra cost by AON.
- 7.2.4** Bringing this report into a housing meeting will also further raise awareness of the scheme and its benefits, with the housing member and other councillors made aware of the scheme and asked to make housing tenants aware through their councillor surgeries etc.



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Signed by **James Hill, Director of Housing, Neighbourhood and Building Services**

Appendix A - Electronic copy of current booklet