

19 July 2018

New Local Government Mutual

Purpose of report

For information.

Summary

Councils currently spend hundreds of millions of pounds on insurance nationally. The new mutual company was incorporated by the LGA on 1 May 2018 as LGAM Limited.

Recommendation

That the Forum note the update.

Action

There will be an information day held at the LGA on 6 September which will be open to all LGA member local authorities.

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Background

1. The LGA has been exploring options to develop a cost effective alternative to the conventional insurance market products and services available to local government, as well as improved ways of sharing best practice in risk management.
2. Councils currently spend hundreds of millions of pounds on insurance nationally. A mutual would be owned and controlled by its members, and professionally managed by Financial Conduct Authority (FCA) authorised industry experts.
3. The new mutual company was incorporated by the LGA on 1 May 2018 as LGAM Limited. Ian Rogers (Chief Actuary at Government's Actuary Department) and Brian Roberts (Former CIPFA President) are directors. James Alexander is company secretary.
4. The LGA has been working with 17 local authorities representing all political groups and types of local authorities on this project as founding members. They will co-own the company with the LGA. Their commitment is limited to the setup phase of the project.
5. The mutual is now appointing a service provider to provide professional support including business development, underwriting and a range of other work to prepare to open for business. The proposed hybrid-discretionary mutual structure learns from previous attempts at mutuals entering this market. The structure ensures the exposure of the mutual is capped. This removes the possibility of future calls on money which has been a character of MMI's demise. Such a structure is used by a number of mutuals including the Fire and Rescue Indemnity Company and local government internationally.

Next steps

6. There will be an information day held at the LGA on 6 September which will be open to all LGA member local authorities. Politicians and officers are encouraged to attend. Details for sign up can be found on the LGA website.