

A new Local Government Mutual

Councils currently spend hundreds of millions of pounds on insurance nationally. The Local Government Association (LGA) has been working with 17 of its members local authorities to develop proposals for 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.

It incorporated the new mutual on 1 May 2018 which will be owned and controlled by its members.

The mutual is now procuring a professional service manager to support the next phase of development.



All LGA member authorities are invited to an information day on **6 September 2018** to find out whether the mutual could be right for your local authority. Details can be found on the LGA website www.local.gov.uk

Why a mutual?

There is good evidence that a mutuals are able to:

- be 100 per cent member focused and save local authorities money
- offer matching or better cover that is up-to-date with changes in local authorities' organisational and operational activities
- reduce typical members' risk exposure without increasing their costs
- guarantee caps on losses each year and eliminate uncertainty over losses in future years
- build up a financial surplus that may be used to reduce the cost of protection or improve members' claim experience – or be taken back as income.

CASE STUDY: The Fire & Rescue Indemnity Company (FRIC)

In 2015, nine fire authorities launched a mutual, The Fire & Rescue Indemnity Company (FRIC). FRIC has the same objective – to provide an alternative to traditional commercial insurance products and services and enable the fire authorities to enjoy greater control and a more collaborative management approach over the risks they protected.

After only one year of trading the members of the mutual have achieved a surplus of 12.5 per cent of their contributions (£471,428). The success of the initiative has also received industry recognition after being shortlisted for Best in Alternative Service Delivery Model category at the Public Finance Innovation Awards 2017.



Contact us

If you would like to find out more about the new local government mutual please contact **James Alexander** at james.alexander@local.gov.uk