



### Insurance update 2020-21

<b>Outcome requested:</b>	Audit & Risk Committee is requested to <b>note</b> our current insurance arrangements.
<b>Executive Summary:</b>	This paper presents an update on the following:- <ul style="list-style-type: none"><li>• Latest insurance premiums and cover</li><li>• Large claims in the last year</li><li>• Potential risks/gaps in cover</li></ul>
<b>Internal/External regulatory/statutory reference points:</b>	Internal
<b>Strategic Risks:</b>	N/A
<b>Subject to prior and onward consideration:</b>	N/A
<b>Confidential paper under FOIA/DPA:</b>	No
<b>Equality Impact Assessment:</b>	None required
<b>Timing:</b>	N/A
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<b>Date:</b>	21 October 2020
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## Queen Mary University of London & Subsidiary companies

### Policy 1<sup>st</sup> August 2020 – 31<sup>st</sup> July 2021

As part of the Insurance agreement through the London Universities Purchasing Consortium (LUPC) QMUL have successfully renewed policies and completed a comprehensive tender process for Financial Lines (Professional Indemnity/Directors & Officers/Employee & Third Party Fraud).

Premiums for 2020/21 are as follows:-.

Policy	Total Premium
Broking Fee	£17,561.00
Professional Indemnity	£88,034.54
Employee & Third Party Fraud	£12,687.36
Directors and Officers Liability	£5,755.68
Personal Accident and Travel	TBC - policy expiring 1 <sup>st</sup> November
Clinical Trials and Medical Malpractice	£29,008.00
Terrorism	£87,773.77
Property/Liability/Motor/Engineering	£455,927.52
Engineering Inspections	£33,393.48

All Insurance policies were renewed with existing Insurers for 2020/21 with no breaks in the existing Long Term Agreements (ends 31<sup>st</sup> July 2022) or changes to underlying terms and conditions. All policy premiums are in line with values declared at renewal apart from the Professional Indemnity policy, which had a significant increase in premium – see details below.

### **Financial Lines Tender**

The 3-year term agreement with RSA ended on 31<sup>st</sup> July 2020. The LUPC Insurance group opted to complete a tender process instead of extending the long-term agreement. The tender process was challenging due to the Coronavirus pandemic and the Financial Lines insurance market experiencing significant hardening. As a result, following the tender process, RSA were re-appointed for another year, as they are currently the dominant insurer for Universities for these policies.

**Professional Indemnity** - 2019/20 premium paid was £22,651.44 (inclusive of IPT). This increased to £88,034.54 for 2020/21. This is due to two reasons:

1. Previous claims experience - In 2016 QMUL were held liable for breach of contract due to flawed research work carried out by an academic. QMUL admitted failures and RSA settled the claim at £226,331 resulting in 257% loss ratio. The loss ratio is calculated by comparing costs of claims against premium paid.
2. Underwriter concerns around future sector wide 'failure to educate' claims arising from campus closure and movement of courses to virtual and remote learning and logistical difficulties. Also issues arising from industrial action, a more litigious student population and the impact of COVID on course availability and the financial viability of HEIs have added to underwriter's concerns which is then reflected in their calculations.

### **Personal Accident & Travel**

Negotiation with RSA is underway to renew the PA/Travel policy. Our travel claims experience due to the Coronavirus pandemic has been poor for 2019/20 with a loss ratio 280%, compared to a loss ratio of 66% for 2018/19.

Two thirds of these claims were Covid related. The option to change insurer has not been viable, as no new Insurer would cover Covid in the Insurance market. The LUPC Insurance group are looking to remain with RSA for another year. It is anticipated that 2020/21 QMUL travel exposure will be much lower than usual due to reduced field trips and academic travel in general. The premium for 2020/21 is to be confirmed.

### **Large claims during 2019/20**

PA/Travel - £200k single medical claim due to academic member of staff taken ill in Indonesia.

PA/Travel - Over £100k of claims relating to cancellation of trips and medical claims due to Covid19.

Property - £55k - Three freezer loss claims which occurred during lockdown.

Property – £150k - Engineering building cable theft claims.

Property – £80k - QMotion Water damage claim

The review of our insurance cover is a rolling process through the year, responding to changes within QMUL, emerging risks and changes in regulatory requirements.

### **Cyber Liability**

Cyber-attacks are generally on the rise for all organisations and we have also seen some cases in the HE sector.

Work is underway with ITS and our brokers to place a Cyber Liability policy for QMUL. Following completion of the proposal form and engagement with the Insurance market, this process may take a few months to place due to the current insurance market conditions. We expect cover to be in place by January 2021.

Cyber Liability insurance cover is specifically designed to protect from:

- Liability claims involving the unauthorised release of information for which QMUL has a legal obligation to keep private or confidential
- Liability claims alleging invasion of privacy and/or copyright/trademark violations in a digital, online or social media environment
- Liability claims alleging failures of computer security that result in deletion/alteration of data, transmission of malicious code, denial of service, etc.
- Defence costs in regulatory proceedings that involve violations of privacy law; and
- The provision of expert resources and monetary reimbursement to the Insured for the out-of-pocket (1st Party) expenses associated with the appropriate handling of the types of incidents listed above

While Cyber-attacks are a real threat, the majority of data breaches come from employee error such as loss of data. There are a number of areas a Cyber policy will cover:

- Breach Response Costs
- Data Recovery, Business Interruption and Dependent Business Interruption
- Regulatory Defence Costs
- Cyber Extortion
- Multimedia Liability

### **Property and Contents Valuation**

Webb Valuations were appointed in February to undertake a full survey as recommended by Insurers. Valuations are usually undertaken every 5 years with the last one was carried out end of 2014. Due to the Covid-19 situation, a desktop exercise was carried out in March followed by site visits in August to finalise their report. We have now submitted up to date Property portfolio to Zurich.

Following this process Zurich have recommended QMUL to undertake a Business Interruption review for large freezers.

QMUL is involved in a number of research programmes using several biological materials that require storage at very low temperatures in order to be preserved. Storage at such temperatures over the duration of the project is crucial for samples to remain viable. Research materials can be accumulated over a considerable length of time with many hundreds of hours of research time spent on the production of such samples. Some research samples may be irreplaceable or extremely difficult to obtain once lost. If the power supply to a freezer fails and the temperature rises, research samples could be lost causing significant delays and increased costs. Loss of such biological materials, especially in the latter stages of a long project, can be costly in terms of delays to research publications and the time spent in replicating the collection and analysis of samples. Replacement costs for the contents of each freezer can vary between £50,000 and £500,000.

Freezers can fail for a number of reasons including accidentally switching off the power supply to the freezer, an electrical power outage or a mechanical fault such as failure of the compressor or failure to shut the door properly.

Our existing Zurich policy covers the Ultra-low freezer contents up to value of £50,000 per freezer. Zurich have recommended that QMUL insure the freezer contents on first loss basis of £5 million. It is unlikely that all freezers will suffer a loss and lose the contents held in each freezer at any one time.