

<b>REPORT REFERENCE NO.</b>	<b>APRC/17/8</b>
<b>MEETING</b>	<b>AUDIT &amp; PERFORMANCE REVIEW COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>24 APRIL 2017</b>
<b>SUBJECT OF REPORT</b>	<b>FIRE AND RESCUE INDEMNITY COMPANY LIMITED</b>
<b>LEAD OFFICER</b>	<b>RISK &amp; INSURANCE MANAGER</b>
<b>RECOMMENDATIONS</b>	<i>That the report be noted.</i>
<b>EXECUTIVE SUMMARY</b>	The Fire & Rescue Indemnity Company (FRIC), the mutual protection provider, set up and run by nine Fire and Rescue Authorities, has completed its first year of operations culminating in a reported surplus of £471k and being shortlisted for the Public Finance Innovation Awards 2017 in the Alternative Service Delivery Model category.
<b>RESOURCE IMPLICATIONS</b>	None.
<b>EQUALITY RISKS AND BENEFITS ASSESSMENT (ERBA)</b>	The contents of this report are considered compatible with existing human rights and equalities legislation.
<b>APPENDICES</b>	None.
<b>LIST OF BACKGROUND PAPERS</b>	None.

## **1. INTRODUCTION**

- 1.1 Fire and Rescue Indemnity Company Limited (FRIC) was set up to provide an alternative to traditional insurance and give member fire and rescue authorities greater control over the cover provided and the management and settlement of claims. FRIC commenced operations on 1 November 2015 providing motor, property and casualty protection to Fire and Rescue Authorities. In February 2017, the Board of the FRIC approved the final accounts for the first year's activity and has reported a trading surplus of £471k, well above initial expectations.
- 1.2 This performance is due primarily to lower than expected claims experience, which is at the lower range of the scenarios predicted. FRIC, via its risk management group, the Fire & Rescue Risk Group (FARRG), uses the extensive claims management information available from its bespoke claims portal, to analyse and review the causes of claims and develop additional controls to help prevent future claims events. Sharing best practice and learning together from past incidents helps all member authorities to improve their risk management and contribute to the reducing claims experience, and thereby lower costs to FRIC.
- 1.3 Another contributing factor has been a drive to improve motor claims reporting times, enabling early third party capture for "at fault" claims. Early evidence suggests that third party costs can be as much as two thirds lower if contact is made with third party claimants quickly and claims handled by the mutual rather than third party insurers. The claims portal provides real time claims data, information on the progress of individual claims and a single source of documentation related to each claim.
- 1.4 FRIC demonstrates what can be achieved when fire authorities collaborate in an innovative and mutually beneficial manners. This is money that would otherwise have gone out of the public sector, instead it is retained to support further improvements and drive better risk management and ultimately, deliver lower costs for FRIC's members.

## **2. NEXT STEPS**

- 2.1 Providing an exceptional Member experience is a key objective of FRIC and feedback at the end of the first underwriting year for all aspects of service delivery has been very positive. Being shortlisted in the best Alternative Service Delivery Model category of the Public Finance Innovation Awards 2017, is the icing on the cake and FRIC's second independent recognition, having received a "Highly Commended" in the Partnership category of the 2016 Alarm Risk Awards.
- 2.2 FRIC is keen to welcome new members that wish to share the benefits of mutuality and a continuous improvement culture. To aid transition the Mutual aims to offer cost neutral protection for the first two years to enable new members to establish their own risk profile and develop their own risk controls in line with other members. Thereafter, contributions are based on risk and claims performance, with members sharing in the financial benefits from each company, there is no need for Fire Authorities to undertake a tender process to join, and membership can start on the expiry of existing arrangements. All members have an equal say in the management and control of the company and nominate Directors. Member benefits include fire service specific protection wording; extensive fire service expertise, dedicated claims support and an on-line claims portal and extensive claims management information.

**SUE NUGENT**  
**Risk & Insurance Manager**