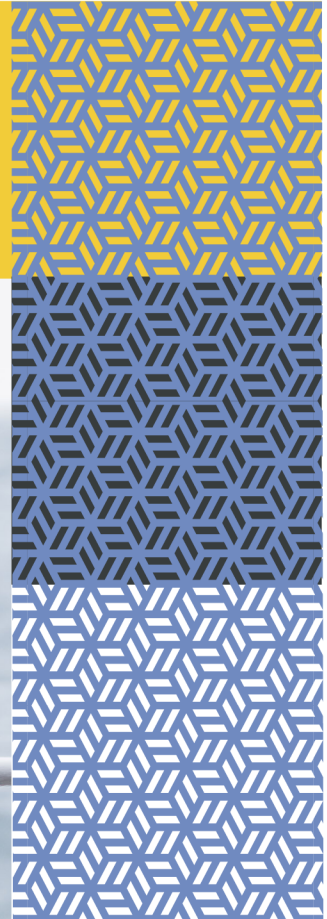
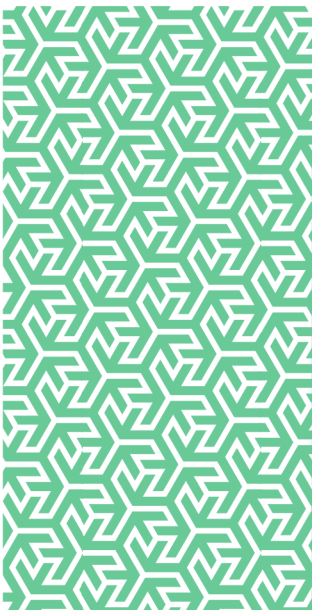


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Broker Bulletin No. 2  
– Local Pension Boards  
and Local Government  
Pension Schemes (LGPS)



# Broker Bulletin No. 2

## – Local Pension Boards and Local Government Pension Schemes (LGPS)

Following the introduction of the Local Pension Boards (LPB) many of you asked us to confirm our position in relation to policy coverage for the Board. We set out below our coverage position in relation to our casualty and financial lines policies and also provide some general information around LPB's. Of course the guidance only relates to the RMP/QBE range of public sector policy covers and clients with policies placed with other insurers should seek advice and guidance from that insurer as to how their policy(s) may operate.

### Local Pension Board (LPB)

The LPB's were established following the introduction of the Public Services Pensions Act 2013. Their presence is to ensure there is effective and efficient governance and administration (which would include undertaking work requested by the Administering Authority), as well as assisting the Administering Authority of the Local Government Pension Scheme (LGPS) to:

- Comply with:
  - The LGPS Regulations 2015
  - Any other legislation relating to the governance and administration of the Scheme
  - Any requirements imposed by the Pensions Regulator

The role of the Local Pension Board should be interpreted as covering all aspects of governance and administration of the LGPS, including funding and investments. However, the Local Pension Board does not replace the Administering Authority or make decisions which are the responsibility of the Administering Authority under both the Regulations and other overriding legislation. The Administering Authority can choose to delegate duties to the Local Pension Board within the parameters of the Regulations:

### Membership of a Local Pension Board

- 1 The LPB is made up of Officers and Members and must include an equal number of employer and member representatives with a minimum requirement of no fewer than four in total.
- 2 No officer or councillor of an Administering Authority who is responsible for the discharge of any function under the Regulations (apart from any function relating to Local Pension Boards or the Scheme Advisory Board) may be a member of the Local Pension Board of that authority.

### Insurance Cover

**Employers Liability** – We can confirm that any Employers Liability claims which may flow from the operation or membership of the LPB would be insured under the policy of the employing authority of the individual injured.

**Public Liability** – All Public Liability claims will be dealt with by the Public Liability policy of the Administering Authority of the LGPS.

**Officials Indemnity** – Should any claims arise from the operation of the LPB which may trigger the Officials Indemnity policy of the Administering Authority then we confirm this will provide the necessary indemnity and in addition our coverage will also provide cover for:

- 1 **Investigation expenses** – investigations instituted during the policy period.
- 2 **Mitigation expenses** – Expenses incurred in taking action to prevent, limit or mitigate exposure to an actual or potential claim.
- 3 **Public Relations Expenses \*\***
- 4 **Civil Fines and Penalties to the extent permitted in law**
- 5 **Emergency Costs \*\***
- 6 **Extradition Proceedings Costs**
- 7 **Loss of Documents\*\***
- 8 **Prosecution Costs \*\***
- 9 **Third party provider pursuit costs**

The policy limit will be the Limit of Indemnity under the Official's Indemnity policy provided, with the sub limit of £50,000 applicable to all items marked with \*\*.

The Self Insured Retention (SIR) applicable to the entity or the Insured remains as per the Officials' Indemnity policy SIR for any claims flowing from the operation of the Board.

The SIR applicable to the board members remains as per the underlying Officials Indemnity policy but for any claims made against the individual members of the LPB the SIR can be reduced to Nil in return for a flat additional premium of £2,000 plus IPT.

*All claims would be subject to the usual Terms and Conditions of the policy(s) and cover under the Officials Indemnity policy is on a claims-made basis in line with the underlying wording.*

## Local Government Pension Schemes – LGPS – Administration

Whilst reviewing the area of cover in relation to LPB we have also taken the opportunity to review the wording around the administration of pensions by the Administrative Authority and confirm we will be making changes to the Officials Indemnity wording so as to positively include the administration function. This move reflects our historic position of covering such activities. The cover will be made the subject of a minimum £100,000 SIR or higher if the underlying policy has a higher SIR placement. The policy change will take effect from 1<sup>st</sup> June 2017 and all renewals on a rolling programme will be addressed through to completion at 31<sup>st</sup> May 2018.

## Further information

For access to further RMP Resources you may find helpful in reducing your organisation's cost of risk, please access the RMP Resources or RMP Articles pages on our website. To join the debate follow us on our LinkedIn page.

## Get in touch

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