

Insurance for all:

A good practice guide

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THE HOUSING
CORPORATION

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	<i>Contents</i>	<i>page</i>
1	EXECUTIVE SUMMARY	2
2	INTRODUCTION	6
3	BACKGROUND AND CURRENT PROVISION	8
	Previous Research	8
	Overview of the Market	9
	Types of scheme in operation	10
	Standard arrangements	11
	Why Are There Not More – and More Successful - RSL Schemes?	12
4	ISSUES AND SOLUTIONS	13
	Why Provide A Scheme?	13
	Administration	14
	Payment	16
	Premiums	19
	Commission	22
	Relevance and Range of Insurance Cover	22
	Information for Tenants	25
	Publicity and Promotion	25
	Regulatory Issues and Professional Indemnity Exposure	26
	Reputational risk	27
	Take-up Rates	28
	Eligibility for Insurance Cover	29
	A Consortium Approach	30
	A National Scheme for RSLs	31
5	SCHEME MODELS	33
	Model One – Insurance With Rent Scheme – Combined Payment	34
	Model Two – Insurance With Rent Scheme – Separate Payment	35
	Model Three – ‘Affinity’/Arm’s Length Scheme - Separate Payment	36
6	CHOOSING THE RIGHT SCHEME	37
	The PROs and CONS	37
	Key Considerations	41
	Setting Up Or Joining A Scheme	42
7	CONCLUSIONS	43
8	RECOMMENDATIONS	45
	APPENDICES	46
	Interviewees	46
	Glossary	48
	Bibliography	49
	Contacts	49
	Brokers and Insurers Known Currently to Provide Insurance With Rent and/or Affinity Schemes	50
	Acknowledgments	51

1

EXECUTIVE SUMMARY

In recent years, there has been a growing recognition of the need to address issues of social exclusion, including exclusion from access to financial services. One result of this is that the possibility of providing banking, credit and insurance services to low income families has come under the microscope. As regards insurance, and in particular home contents insurance, there appears to be steady growth in the number of Local Authority and Registered Social Landlord schemes in operation, the number of tenants using schemes and the number of potential providers. There is strong support for continued growth in this area, not only from the Housing Corporation but also from brokers, the Association of British Insurers, the relevant Government agencies, the National Housing Federation (NHF) and many people within the Registered Social Landlord (RSL) movement. All the available statistics show clearly that low cost, flexible payment insurance schemes can be put in place and run successfully. This good practice guide has been commissioned by the Housing Corporation to highlight the options for RSLs to ensure that schemes are available for their tenants and others.

There are a number of reasons why RSLs should provide or promote tenants contents insurance. These include: making tenancies more sustainable for people on low income; reducing the RSL's costs where tenants' contents have been damaged following a maintenance problem; and fulfilling their social inclusion responsibilities as landlords. For tenants, the opportunity of being able to access insurance that is affordable and allows short payment frequencies, means that they can budget for the expenditure; they are able to live more independently; and they are less likely to fall into debt, potentially jeopardising their homes, when things go wrong. Importantly, tenants contents insurance schemes can ensure that cover is available to all tenants regardless of the postcode area in which they live, even when mainstream contents insurers are unable to offer cover to them, or to offer cover at affordable premiums or on viable terms. For insurers, this market potentially offers real business growth, while promoting a culture of responsibility.

There are three models of scheme, any of which can be successful, depending on the specific circumstances and systems of the RSL. The choice of which to opt for is a matter for the RSL in consultation with its tenants.

Insurance with rent in essence is a scheme that is marketed and administered by the Local Authority or RSL. This includes issuing policy documents, collecting the premiums, and generally acting as the first point of contact with the tenants. There are two types of insurance with rent schemes: those where the Local Authority/RSL collects the premiums as a single payment combined with rent, and those where these two elements are collected separately.

‘Arm’s length’ or ‘affinity’ schemes can take a wider variety of forms. At their best, affinity schemes operated by RSLs differ from insurance with rent schemes only in the way in which administration and premium collection issues are handled. In important areas such as promotion, marketing, and endorsement, these are not significantly different from insurance with rent schemes. In such cases, there is plenty of evidence that the formula can be as successful as the insured with rent model.

We believe that – provided that the benefits to tenants are broadly comparable, in terms of comprehensiveness of cover, cost, and ease of payment – there is no right or wrong answer to the question of whether insured with rent or arm’s length is better. We have sought to identify what is best about each approach, in order to leave the final decision on which scheme they opt for, to the individual RSL in consultation with its tenants.

A number of reasons have been cited for the current limited take-up of schemes by RSLs. Generally speaking, these are based on what we regard as misconceptions, or at least lack of information, about the alternative models available, and the way that these can be operated to minimise the additional administrative burden on the RSL. As regards the frequently low levels of take-up among those schemes that are in operation, a number of possible reasons have been advanced for this. In many cases, RSL schemes have been in operation for a relatively short time, compared to many Local Authority schemes, and so have not had time to acquire significant momentum. Broadly however, the predominant finding of our research has been that greater commitment to a scheme by the landlord in particular leads to greater success rates.

In terms of administration, it is important to recognise that the range of schemes on offer provide sufficient flexibility to fit in with RSLs’ existing administrative systems without major modification, and in some circumstances with no system changes at all.

The key to a successful scheme is unlikely to be cheapness of premium relative to the mainstream market. It is important that the costs to tenants are kept to a minimum, but the crucial factors are affordability and flexibility – not absolute cheapness. The total cost of any scheme is made up of a number of components. The administrative and premium collection costs may be removed from the premium charged to the tenant if the RSL handles administration and premium collection but does not take a commission for this work.

Commission payments, or repayments of expenses incurred, are generally available to RSLs in negotiation with the insurer, or broker where relevant. The levels of commission paid in practice vary considerably, with the average for Local Authorities understood to amount to some 14% of premiums collected, and for RSLs to average around 10%.

Tenants need to feel that the covers offered by a scheme are relevant to them, and that they are not paying for insurance they do not require. It is also important for insurers to focus the cover carefully to maintain low levels of premium. Bearing in mind that many RSL tenants have possessions that are worth much less than the minimum levels of insurance cover presently available, we recommend that further work is done to explore options for lower minimum sums insured and correspondingly lower premiums.

In the context of making home contents insurance schemes for RSL tenants and others more widely available, there are likely to be options to provide insurance cover in other areas that will be relevant and valuable. These could include petcare insurance, against vet bills, and cover for funeral expenses. In due course, it should also be possible to arrange schemes for life assurance.

There is a good deal of information that needs to be provided to tenants, both so that the processes they have to follow are clear, and so that there is no room for doubt about the responsibilities of each party: tenant, RSL, broker, insurer, claims handler/loss adjuster. This must include details of how complaints are to be submitted, and who is responsible for dealing with these.

A number of complementary approaches to marketing and promoting schemes have been identified. The key, however, is that the RSL does not leave this all to be undertaken by the insurer and/or broker. If a scheme is to be effective, it is critical – and the figures on relative take-up between schemes appear to bear this out – that the landlord makes a positive and sustained effort to promote the scheme to tenants.

Some RSLs have expressed concerns about being perceived as closely linked to insurance providers, and thereby courting unpopularity in the event of problems occurring with the service, or in the case of disputes over claims. Others have expressed a concern about the ethics of a direct link with organisations that are motivated by profit, in the context of selling services to people on low incomes, a number of whom could be described as vulnerable. Although these concerns are understandable, we believe that it is possible to deal satisfactorily with all of them. The keys to this are firstly absolute clarity of information, and secondly robust tendering procedures for the selection of insurance providers.

In terms of setting targets for a new scheme, we would suggest that 2% of tenants should be members in the first year and a 2% annual increase following that. A scheme that is working well should be capable of exceeding this level without undue difficulty.

A consortium approach to arranging and purchasing insurance could be beneficial to all concerned. Depending on how the scheme was constructed, a consortium would bring insurers a wider base, leading potentially to lower costs for tenants. At the same time, standardised administration arrangements could simplify matters for brokers, insurers and RSLs alike.

We recommend further investigation into establishing a national scheme endorsed or arranged by the NHF or another appropriate body, particularly to assist smaller RSLs. However, we recognise that there will be those RSLs that would prefer to tender and operate their own individual schemes. Indeed, it may not be desirable in the interests of maintaining competition in the market that a national scheme should become so widespread as to drive out any others. For these reasons, we also believe that consideration should be given to establishing a system of accreditation by the NHF or another appropriate body that would be available to any broker's schemes that meet certain minimum standards. This process would create a standard of quality for tenants insurance schemes that could be relied upon by potential users of the scheme, both RSLs and their tenants.

2

INTRODUCTION

There is nothing new about the idea that providers of social housing ought to be able to facilitate insurance arrangements for their tenants that are cheap and easy to manage. Local Authorities for many years have been operating schemes that allow their tenants to buy basic contents insurance and pay premiums weekly or fortnightly with rent. Increasingly, Registered Social Landlords are seeking to implement similar arrangements. Already more than 90 Local Authorities and over 300 RSLs operate or sponsor tenants contents schemes.

A recognition of the need to address issues of social exclusion, including exclusion from access to financial services, has grown in recent years. One result of this is that the possibility of providing banking, credit and insurance services to low income families has come under the microscope. A considerable body of research and consultation has been undertaken to examine how such facilities may best be established.

This report is one of the consequences of this work. The Housing Corporation has accepted the recommendations of the report of the Government's Financial Exclusion Policy Action Team 14 ('Access to Financial Services' – November 1999) to promote insurance schemes for tenants and others within the framework of social housing provision. This work aims to fulfil six principal objectives:

- To study the current provision of insurance facilities to tenants of social landlords.
- To examine whether the traditional model of insurance with rent is the most appropriate option.
- To identify and evaluate other possible models for insurance provision.
- To seek to understand the hurdles to successful implementation of insurance schemes, and how they may be effectively overcome.
- To consider the possibility of extending the scope of insurance schemes, both in terms of the people to whom they could be made available, and the range of covers that they might offer.
- To set out good practice guidance for those seeking to establish insurance schemes for their tenants and others.

The project has been commissioned by the Housing Corporation, working in partnership with the National Housing Federation and the Association of British Insurers. The work has been conducted by Greg Campbell and John Rood of Greg Campbell Management Consultancy, and Chris Gibbs and Jeff Laidler of insurance consultancy Gibbs Laidler Ltd.

The exercise has been overseen by an advisory group comprising Gill Rowley and Steve Onger of the Housing Corporation, Marion Turner of the National Housing Federation, John Parker of the Association of British Insurers, Nick Abbey of Hereward Housing, Phil Elvy of Riverside Housing Association, and Redmond Lee of Beacon Housing Association.

The work has consisted of:

- Reviewing relevant documentation.
- Interviewing relevant RSLs, Local Authorities, and other bodies.
- Interviewing insurers and brokers providing tenants contents insurance schemes.
- Evaluating the information obtained and comparing alternative schemes.
- Identifying potentially suitable models.
- Examining operational and other material considerations.

BACKGROUND AND CURRENT PROVISION

Previous Research

3

There is a considerable body of previous research into the issues surrounding insurance and people on low incomes. Studies of insurance with rent schemes have largely focused on Local Authority facilities, mainly because these are more widespread and longer established than schemes operated by other social landlords.

Many of the strands of this research have been brought together in the report of the Government's Policy Action Team 14 ('Access to Financial Services' – November 1999). More key research was conducted for a report commissioned by the Association of British Insurers (ABI) from the Personal Finance Research Centre at the University of Bristol, which was published in September 1999. This followed earlier research for the Policy Studies Institute and the Institute for Public Policy Research in 1997. These two latter pieces of work were led by Elaine Kempson, Head of the Personal Finance Research Centre at the University of Bristol, and provided useful insight into the disparities in take-up rates between Local Authority schemes and others, and the reasons for such disparities.

The information available from these sources has been valuable in the compilation of this guide, and we acknowledge its usefulness, but it is not our intention to review it in detail here. Our task has been somewhat different from the objectives set for the previous researchers, in a number of ways. We have focused closely on the needs and opinions of those involved in the Registered Social Landlords' arena. Our aim has been to produce a practical guide to good practice in promoting insurance facilities for RSL tenants. We have therefore sought to unpick the principles that determine the successful operation of schemes, and concentrated on collating details of the methodology that is most likely to succeed. This approach is slightly different from the more statistical work carried out by some researchers and the generic view that PAT 14 addressed.

Overview of the Market

It is useful to understand the range and diversity of the different groups of participants in the market place for insurance schemes for RSL tenants.

The main players are:

- Registered Social Landlords
- Tenants of RSLs
- Insurers
- Insurance Brokers
- Loss adjusters
- Administration companies
- PayPoint
- Post Office
- allpay.net

It is clear that there could be a degree of conflict between the objectives of various of the parties involved. For example, the RSL promoting a scheme may be interested in minimising the premium rates available to its tenants, whereas an insurer will be concerned to make the scheme profitable. The RSL may wish to minimise administration by outsourcing the collection of premium, but this will tend to add costs and may make the scheme less easy for its tenants to use, in contradiction of their aspirations.

We have studied the issues that confront the main participants in this market in some detail, and in the following section of this guide, we itemise the issues and their solutions.

In terms of the numbers of Local Authority and RSL schemes in operation, tenants using schemes and potential providers, figures have been previously researched and published, but the picture is constantly changing. There appears to be steady growth in all these areas, and there is strong support for continued growth from brokers, the ABI, the relevant Government agencies, the National Housing Federation and many people within the RSL movement. The key significance of the available figures is that they demonstrate clearly that low cost, flexible payment insurance schemes can be put in place and run successfully. Moreover, they corroborate the assessments of the reasons for success or failure of schemes that have been made by all of those whom we have consulted.

Types of scheme in operation

Broadly speaking, there are two main types of tenants contents insurance schemes in operation: 'insurance with rent' schemes and 'arm's length' or 'affinity' schemes.

Insurance with rent in essence is a scheme that is marketed and administered by the Local Authority or RSL. This includes issuing policy documents, collecting the premiums, and generally acting as the first point of contact with the tenants. The Local Authority/RSL will, in turn, frequently receive a commission, or 'expenses' from the insurer. In reality, there are two types of insurance with rent schemes: those where the Local Authority/RSL collects the premiums in a single payment combined with rent, and those where these two elements are collected separately.

'Arm's length' or 'affinity' schemes can take a wider variety of forms. At their simplest, they are those where the Local Authority or RSL has negotiated preferential rates with an insurer, which it makes available to its tenants, in the same way that, for instance, a number of RSLs have negotiated deals for tenants with shops or local organisations. In effect, the role of the Local Authority/RSL is principally that of introducer. All of the administration is carried out by the insurer.

It is fair to say that affinity schemes run in this way offer limited benefits by comparison with insured with rent schemes, for both RSLs and their tenants. Take-up of such schemes tends to be significantly lower than insured with rent schemes. Furthermore, affinity schemes do not tackle in a comprehensive way the concerns over social exclusion in access to financial services that PAT 14 sought to address.

However, there are a number of affinity schemes operated by RSLs that differ from insurance with rent schemes only in the way in which administration and premium collection issues are handled. In important areas such as promotion, marketing, and endorsement, these are not significantly different from insurance with rent schemes. In such cases, there is plenty of evidence to suggest that the formula can be as successful as the insured with rent model.

In seeking to address the concerns over social exclusion in access to financial services highlighted by PAT 14, the key consideration in terms of tenants contents insurance, is which schemes are capable of generating significant levels of take-up. We are aware of insurance with rent schemes that have achieved in excess of 30% of tenants in membership. We are also aware of arm's length schemes that have generated membership of 14% of tenants.

A key determinant of the success of tenants contents insurance schemes, is the length of time that they have been in operation. The largest number of Local Authority schemes, which tend to have been in operation longer, fall into the insured with rent category. The largest number of RSL schemes, which in the main are more recent, are arm's length.

On this basis, we believe that - provided that the benefits to tenants are broadly comparable, in terms of comprehensiveness of cover, cost, and ease of payment - there is no right or wrong answer to the question of whether insured with rent or arm's length is better.

In this guide therefore, we have sought to identify what is best about each approach, in order to leave the final decision on which scheme to opt for, to the individual RSL in consultation with its tenants. In each case, we have concentrated on how schemes can work best, and what they offer to RSLs, tenants, and insurers.

Standard arrangements

Looking at the schemes currently available, a number of key elements can be identified that are accepted as standard by insurers. This is not to say that all existing schemes currently include these elements. Rather, all are available in at least some schemes:

- Fixed levels of premium across a whole Local Authority area.
- Low minimum sums insured – typically £9,000 with a reduction to £6,000 for people aged over 60.
- Lower premium rates for people aged over 60.
- Cover available up to £35,000.
- Facility to pay weekly or fortnightly.
- New for old cover, subject to wear and tear deductions on clothing and household linen more than five years old.
- Accidental damage, normally limited to personal computers, televisions, video recorders/players, mirrors, and fixed glass in furniture.
- No minimum security requirements.
- Low or no policy excess.
- Commission/repayment of expenses available to the landlord.

Major insurers currently provide for all of the above facilities. In the event of a national RSL tenants contents insurance scheme being established, we would expect all of these facilities to be made available.

Why are there not more - and more successful - RSL Schemes?

Although, as stated above, some 300 RSLs have tenants contents insurance schemes in operation, this remains a small proportion of the possible total. At the same time, many of the schemes that do exist, feature low levels of take-up, at 2% of tenants or less.

A number of reasons have been cited for the limited take-up of schemes by RSLs. These include:

- Tenants contents insurance not regarded as a priority next to core housing management activities.
- RSL social inclusion programmes being in many cases recently established.
- Lack of awareness of the potential benefits to RSLs.
- Lack of demand from tenants.
- Many RSLs too small to run viable schemes independently.
- Concerns over the complexity of the administrative systems needed to establish contents insurance schemes.
- Concerns that chasing insurance premium arrears will get in the way of chasing rent arrears.

As regards the frequently low levels of take-up among the schemes that are in operation, a number of possible reasons have been advanced for this:

- The schemes are relatively recent and have not had long to develop.
- Promotional literature and scheme information is in some cases confusing and unclear.
- Information is not available in minority languages (particularly in areas where there are appreciable numbers of people for whom English is only a second language).
- Rating systems are too complex.
- Proposal forms are too complex.
- Housing officers have not been sufficiently trained to understand the scheme and to promote it with tenants.
- The RSL sees its role as limited to that of 'introducer' (that is its responsibility starts and ends with negotiating a preferential rate for its tenants).
- The RSL has put insufficient resources and commitment into publicising and promoting the scheme.

4

ISSUES AND SOLUTIONS

As well as genuine difficulties to be overcome and decisions to be made in establishing a low cost flexible tenants contents insurance scheme, there are some fairly widely held misconceptions that need to be dispelled.

In addition, whilst the social benefits of providing tenants insurance schemes are widely understood, there is less emphasis on the wider benefits to RSLs.

Generally, the predominant finding of our research has been that greater commitment to a scheme leads to greater success rates. This comes as no great surprise. One of the objectives of this guide is to explain why commitment to tenants insurance schemes is not only in the interests of the social housing movement, but also need not be particularly onerous for individual RSLs.

We know that there are successful models for tenants contents insurance schemes. Our objective has been to identify:

- how RSLs can be encouraged to embrace the provision of insurance to tenants;
- how more tenants can be persuaded to participate in new or existing schemes;
- how providers of insurance schemes can be reassured that this is a worthwhile market.

Our research has not taken a predominantly statistical route, because we have been primarily concerned with identifying issues and solutions. In this part of the report, therefore, we list the key issues that have been raised – whether as hurdles to the promotion of a scheme or otherwise – and set out possible solutions to problems identified.

We have approached this central part of our task from three standpoints. We defined three principal audiences for this guide to good practice. These are RSLs themselves, tenants, and providers of insurance facilities. We have summarised the pros and cons for each of these groups.

Why Provide A Scheme?

There is a number of reasons why RSLs should be in the business of providing or promoting tenants contents insurance. Ensuring that tenants do not fall into debt following a burglary or domestic disaster, by providing for the replacement of goods that they have lost, will help sustain many tenancies that would otherwise be at risk, where the tenant could either no longer live independently or might be unable to meet continued rent and associated payments. Encouraging tenants to take a responsible attitude to their possessions is likely to help promote a culture of taking good care of the properties they rent. Providing an alternative cover for losses that might

now be claimed as “landlord’s liability” will reduce the RSL’s outgoings where the tenant’s contents have been damaged as a result of a maintenance problem. More widely, facilitating access to contents insurance for people who may otherwise not have this option, can be seen as part of RSL’s social inclusion responsibilities as responsible landlords.

For tenants, the opportunity of being able to access insurance that is affordable and allows short payment frequencies, means that they can budget for the expenditure, they are able to live more independently, and are less likely to fall into debt, potentially jeopardising their homes when things go wrong. Importantly, tenants contents insurance schemes also have the ability to ensure that cover is available to all tenants regardless of the post-code area in which they live, even when mainstream contents insurers are unable to offer cover to them, or to offer cover at affordable premiums or on viable terms.

For insurers, provided that the circumstances are right, and the arrangements not unduly onerous, the contents insurance market for RSL tenants is a substantial one that offers the opportunity of real business growth, at the same time as extending more widely a culture of responsibility.

A substantial number of schemes are already in operation, run by or for a significant number of Local Authorities and RSLs, with many thousands of tenants in membership, and provided by major players in the insurer and brokerage markets. It is evident that a great many people in all three groups already recognise the benefits that are available.

How then can we extend this coverage more widely still?

Administration

Administration issues are at the heart of the difficulties surrounding the acceptance and implementation of insurance schemes for tenants. For many RSLs, the spectre of an additional administrative burden is a significant obstacle. For tenants, administrative procedures that are not simple and directly related to their landlord may appear daunting. For insurers, the problems of processing proposal forms, setting up accounts and issuing policies in a system that is outside their mainstream systems, are obstacles to participation in a market that may already appear to be on the borderline of financial viability.

In the conventional personal lines insurance market, insurers have streamlined administrative procedures, and use a variety of low cost channels to handle administrative functions. These include brokers, telephone call centres and direct sales over the internet. The common factor is standardised systems and simple procedures to reduce the input required from insurers and reduce the cost of the insurance.

The administrative issues for insurers are, firstly, that tenants contents insurance is a non-standard product involving additional systems to administer. The covers are not standard, the rating systems not conventional, and the payment systems do not fall within their established streamlined procedures. Secondly, they involve accountability to another party – the RSL – and the production of statistics and other information in forms that are not required for mainstream business.

This administrative function, then, is not easily assimilated into the mainstream of personal lines insurance business, but must be carried out by someone. This creates a cost, which has to be borne either by the provider of insurance (an insurer or broker), or by the RSL, or by the tenants within their premiums.

In many successful Local Authority schemes, these administrative processes are undertaken by the Council. The Council handles proposal forms, issues policies, sets up the accounts, handles renewal reminders and all other basic administration. It is less clear where this cost is actually borne. In many cases, the authority receives a commission from the insurers to defray these additional costs. It could be argued that ultimately this cost is borne by the tenants, since the premium set must be sufficient to include the payment to the Council. In other instances, it appears that the Local Authority carries out the administrative function at its own cost (or at least without direct remuneration). The reasons for this attitude can include a desire to provide a service to tenants, or a recognition that there are other benefits in offering a scheme that in the long run reduce financial burdens on the Authority.

It is clear from conversations with RSLs that this approach is not acceptable to many. The financial constraints on RSLs are frequently such that it would not be possible to find the human resources to administer a scheme, and there are many who are not attracted to the idea of receiving a commission or administration fee from insurers or brokers. In such cases, the administration processes need to be outsourced to a third party administrator, and this is the route that the schemes operated by Farr, for example, follow. In their system, the tenant is invited to return the proposal form to Wessex Administration, which then handles all the accounting and policy issue processes.

Ultimately the cost of this is borne by the tenants in the premium, but there is no cost to the RSL. The chief danger with such a course of action lies in the alienation of tenants from the scheme, because it is not being run by their landlord, whom they know, but rather by a third party of whom they will never have heard.

As regards claims, it is worth pointing out that few Local Authorities or RSLs are involved in any way, other than in some cases sending out claim forms to tenants on request. In fact, we see no benefit in the RSL taking on even this limited role, since the most benefit to the tenant making a claim is

derived from an immediate and meaningful response by a specialist claims handling agency, whether that be a broker, the insurer, a loss adjuster or a specialist claims bureau. The intervention of the RSL may serve only to place one more link in the chain and delay settlement. It is not even useful to the RSL as a way of trying to exert some control over arrears, since it would not in fact be lawful to withhold a claim form for such a purpose. We believe that the whole of claims administration should be handled through the insurance provider's agreed arrangements, whether this be by the insurer themselves, or the broker or a claims handler or loss adjuster.

Payment

Closely linked to the issues of administration, are the questions surrounding the payment of premium. It is crucial to the success of a scheme for tenants insurance that payment is possible in ways not available to buyers of mainstream personal insurances. This is true both of the method and the frequency of payment, and therefore the amount of each instalment.

Insurers rely increasingly on payments of premium in one sum, either by credit card, debit card or cheque, or direct debit payments on a monthly basis. All these systems rely on the purchaser having a bank account. A scheme for social tenants must be designed so that anyone may participate, especially if they do not have a bank account and deal only in cash transactions.

Mainstream insurance facilities assume that policyholders can afford payment of premiums on a monthly basis, because they assume that they are paid a monthly salary. For a social tenants scheme, the facility for more frequent and smaller payments is essential, and the original concept of payment in cash of a small amount for insurance with the payment of rent on a weekly or perhaps fortnightly basis reflects this need.

One consideration that needs to be borne in mind, is the arrangement for collecting premiums from tenants who are on full Housing Benefit. The options for this are likely to vary between different RSLs, subject to whether they already collect other payments from such tenants, for instance water rates.

There are broadly three ways in which payment facilities may be organised:

- Payment combined with rent.
- Payment at the same time and by the same method as rent.
- Separate payment arrangements.

Payment with Rent

Payment of insurance premiums combined with rent is only viable if the administration of the scheme is dealt with by the RSL. For the tenant, this may be the most attractive method. It is simple, and does not require any additional transactions or journeys.

Where payment is with rent, the exact methods of payment will depend upon the existing systems for rent collection, and can therefore include area offices and other RSL premises with a cashiers facility, Post Offices, PayPoint, allpay, and bank or building society standing orders or direct debits. Some Local Authorities still maintain door to door collections, but on the whole this is likely to be unrealistic for RSLs.

However, for the RSL there may be a number of objections. The first is that it requires that the administration of the scheme is taken on board, at least so far as accounting systems are concerned. It will require some software modification so that the insurance premium may be separated from the rent payment. Having said that, this modification can be supplied by the insurance broker that is promoting the scheme or, if the payment of rent and insurance premiums is made by use of a smartcard, by the smartcard operating company.

As regards tenants on full Housing Benefit, if the RSL already has a payment relationship with them, collecting insurance premiums in addition need not cause additional complications. Where no such relationship exists, because all payments are made separately and do not involve the tenant paying money directly to the RSL, there will be some additional costs in setting up a facility for paying premiums alone.

It is true therefore that some adjustments will be required to existing systems, but these are perfectly feasible in technical terms, and assistance is available where needed from brokers and insurers.

This system will also require consideration to be given to the 'hierarchy' of payments when tenants fall into arrears. With existing schemes, it is common practice to specify that, should a tenant be in arrears and repay just part of the total of rent and insurance and other charges (such as water rates) that are outstanding, then the first call on the money paid over goes to rent, second call is to water rates, and last is the insurance premium. It must be understood by all parties - tenants, accounts staff, brokers and insurers - that for any payment there is a clear hierarchy of priority for allocation. This position is accepted by the brokers and insurers who work with providers of insured with rent schemes, but it must be made absolutely clear to tenants before they buy the insurance, in the insurance proposal form and policy documentation.

There may, however, be circumstances in which the RSL chooses to exercise some discretion over a rigid application of this hierarchy, which could potentially have the effect of temporarily barring some tenants from insurance cover. The key circumstance could be in a case where a tenant has newly applied for partial Housing Benefit, and delays have been experienced in the determination of this by the Council involved. Once the determination has been made, unless the tenant has sufficient funds available to pay the balance of the rent outstanding and to pay their insurance premiums, then all monies would be allocated to rent, under the 'hierarchy' rule. There would then be a danger of the insurance cover being lapsed pending full repayment of the accumulated arrears.

Payment at the same time as Rent

Payment of insurance premiums separately, but normally at the same time as rent, will again involve the RSL in administrative work, albeit somewhat less than for combined payments, since the purpose of each payment is clear. Such a method of payment can be operated either through the use of smartcards, or with paying-in books, or by modifying the rent card to show an additional separate payment for insurance premium. In general terms, many of the same considerations will apply as for payment with rent, although tenants may find this system slightly less straightforward inasmuch as they have to make additional payments.

Nonetheless, although this method does mean that the tenant has an additional payment to make, any additional burden is eased considerably by that fact that it can be made at the same time and in the same manner as the rent payment. The benefits to the RSL of operating such a scheme include:

- Avoidance of confusion caused by combined payments if people are in arrears. It is easier to chase separately. There is no problem with priority of payment where there is multiple debt (for example rent, water rates, insurance premiums).
- Administrative simplicity.
- Making it clear to the tenant what they are paying for, where it is desired to demonstrate that the insurance service is separate from the main function of housing provision.

Again, we would stress that, while some adjustments to systems will be necessary, these are feasible and should not prove onerous, and assistance is available from brokers and insurers.

Separate Payment Arrangements

Where payment of insurance premiums is an entirely separate exercise, the administrative burden on the RSL is likely to be limited, since their role will consist of adopting the scheme, promoting it to their tenants, and leaving the administration to a third party.

A critical element of this arrangement is that there should be considerable flexibility given to tenants in terms of payment frequency. This should provide for weekly, fortnightly, or monthly payments, but also allow quarterly or annual payments if desired, for example by those whose employment is likely to be seasonal or short term. Flexibility will also be required for the payment facilities, and options such as Post Office, PayPoint and allpay services will be most practical here, in addition to bank or building society arrangements for tenants who hold such accounts.

It should be recognised that this complete separation of insurance premium collection from rent collection will mean that more work may need to be put into reminding people to maintain regular payments. Nonetheless, as indicated above, such schemes have been found in practice to be capable of achieving high take-up levels, of up to 14% of tenants, which demonstrates that such systems can work effectively.

Claims Payment

Where there is a facility for premium payments to be made in cash, there should also be the facility for claims settlements to be paid in cash. Where a loss adjuster is involved in visits to homes to investigate claims, it can be both a good public relations exercise and an effective cost control device for the adjuster to make offers of cash settlements on the spot.

Premiums

Within the specialist area of flexible low cost insurances for tenants, there is a number of upward pressures on premiums. These include:

- additional administration costs, borne either by the insurer or broker, or paid as additional commission to the RSL;
- additional claims handling costs, which arise from using a loss adjuster for practically every claim;
- additional premium collection costs – commissions to PayPoint, Post Office, Allpay or software costs – as well as the cost of the staff to account for weekly or fortnightly payments;
- a less effective possible spread of risk within each scheme, because these tend to be locally based and centred on similarly exposed areas;
- simplification of rating structures, which leads to cross subsidy – it is important not to have too many postcode bands.

On the other hand, a scheme with a high take up rate (from 12% to 15% upwards) will produce a volume of regular premium that is appealing to insurers, and can be reflected in reductions in premium rates.

There is naturally a range of rates charged between different schemes, and the cost is largely determined by the area in which the scheme operates. For a pensioner with basic cover and a sum insured of £6,000, the cost can be

from 43p per week to £1.80 per week. Expressed as a premium rate in the conventional manner for insurance, these premiums equate to 0.37% and 1.56% of total sum insured. However, for the most successful schemes that we have encountered, measured by percentage take up, the cost would be 60p per week, which is the equivalent of 0.52% of total sum insured.

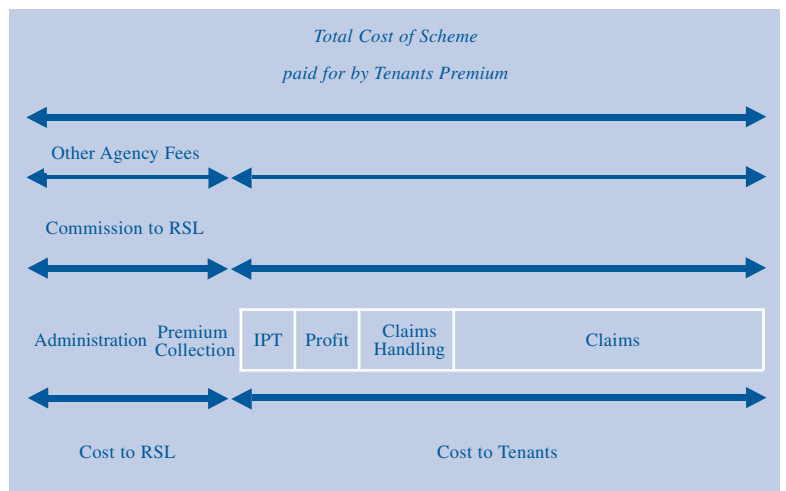
It is very difficult to compare these rates with those that might be available in the open insurance market. This is because weekly or fortnightly premium payment is not available in the mainstream market, nor are such low minimum sums insured, nor is the absence of security requirements. Moreover, conventional contents policies are rated more precisely, and tend to be based on slightly different covers. In general terms, though, it does not seem that social tenants' schemes are necessarily more expensive on a comparable basis than other policies. More importantly, where a tenants' scheme may appear relatively expensive, it is sometimes the case that other insurance simply is not practically available to those tenants. One may take the view that it is not fair that those on the lowest incomes should have to meet higher costs than others who are better off. It may be possible to address some of the imbalance through a national, or large consortium scheme.

Another important aspect of tenants' schemes, is the facility for arrears, which is not available in mainstream contents insurance. A typical arrangement is that the tenant may miss up to four weeks of premium, at which point they are given two further weeks to pay the arrears. Failure to pay can lead to suspension of the policy, or cancellation. In practice this means that a tenant can run the insurance up to four weeks in arrears, which can be very helpful for those with irregular income. By the same token, if the policy is merely suspended rather than cancelled, a tenant may take an 'insurance holiday' if they find themselves with a serious cash shortage at any time, reinstating the cover when they are able. Naturally, any loss within the suspended period would not be covered, and the insurance cannot be backdated in these circumstances, but there is still a cost to insurers in providing this arrears facility, which needs to be reflected in the premium.

Control of claims is essential to control of premium costs. Some insurers believe that because of their difficult financial circumstances, social tenants may be driven more often to attempt to make exaggerated or fabricated claims on insurance policies than those who are better off. There is no evidence for this: it could equally well be argued that the cost of individual fraudulent claims in the social housing sector may generally be lower than those in other sectors. Nonetheless, levels of fraud must be contained, and the most effective method, in the view of insurers, is to have a loss adjuster visit practically all claimants. Preferably this will be the same individual covering a given area. Claims settlements must be fair and fast, but levels of fraud greater than in mainstream insurance cannot be tolerated.

The key to a successful scheme is unlikely to be cheapness of premium relative to the mainstream market. It is important that the costs to tenants are kept to a minimum, but the crucial factors are affordability and flexibility – not absolute cheapness.

The total cost of any scheme is made up of a number of components. The administrative and premium collection costs may be removed from the premium charged to the tenant, if the RSL handles administration and premium collection but does not take a commission for this work.



It is also worth drawing attention to the Insurance Premium Tax, which adds a further burden to the costs that tenants have to face. This issue was noted by PAT 14, which recommended that “In future consideration of the fiscal system, the status of Insurance With Rent schemes should be borne in mind.” Were a national scheme to be established, we believe that it would be appropriate for arrangements to be made to exempt it from this tax, in the interests of making this insurance more affordable and helping promote social inclusion. Even without a national scheme, we believe that consideration should be given to exempting all Local Authority and RSL tenants contents schemes.

Commission

Commission payments, or repayments of expenses incurred, are generally available to RSLs in negotiation with the insurer, or broker where relevant. The levels of commission paid in practice vary considerably, with the average for Local Authorities understood to amount to some 14% of premiums collected, and for RSLs to average around 10%.

As indicated under 'Administration', there are differing views among Local Authorities and RSLs on whether it is appropriate to receive such funds. In essence, the decision on whether to take such a payment, is a matter for the individual RSL. Certainly it is true that the commission is paid for from somewhere. If the landlord chooses not to take it, this could be expected to be used to reduce the premiums that tenants pay.

Where the commission is taken, however, there are various purposes for which Local Authorities and RSLs commonly use the money.

These include:

- Putting the money into general funds (or the Housing Revenue Account in the case of Local Authorities).
- Allocating it specifically to meet the staffing and other costs of administering schemes.
- Using the money as a hedge against arrears in premium payments in particular circumstances (for example where a tenant's application for partial Housing Benefit is subject to delay).
- Using it to promote the insurance scheme further.
- Funding security improvements (such as CCTV or improved door entry systems).
- Funding community initiatives and facilities.

It is also perfectly possible to 'mix and match' these options, for instance by using part of the commission to meet administration costs, and putting part into a fund for security improvements or community initiatives. Should such a fund be established, a useful approach that could help to generate positive publicity about the insurance scheme, may be to invite bids for funds from estates or groups of tenants, with the best and most practical ones receiving an allocation.

Relevance and Range of Insurance Cover

Tenants need to feel that the covers offered by a scheme are relevant to them, and that they are not paying for insurance they do not require. It is also important for insurers to focus the cover carefully to maintain low levels of premium.

Basic cover should include:

- Fire and usual perils, plus limited accidental damage cover. (for personal computers, televisions, video recorders/players, mirrors, and fixed glass in furniture).
- Nil excess.
- Low minimum sums insured.
- Cover available up to £35,000.
- New for old cover, subject to wear and tear deductions on clothing, and household linen more than five years old.
- No minimum security requirements.

We believe that it is also often useful to offer optional cover for personal possessions away from the home at an additional premium.

There is strong evidence of continuing competition among insurers and brokers providing these schemes to incorporate additional covers that make their insurance appear more comprehensive and attractive. The general view of brokers interviewed, however, was that fire, theft and water damage cover produced over 80% of all claims, and additional covers tended to add little of real value to those insured. Whilst it might be argued that more comprehensive cover means better cover, in the context of low cost flexible tenants insurance schemes, it is actually better to keep it simple, as far as possible. Adding more insured perils tends to add to people's confusion about insurance covers. Clarity of the cover is a very important factor in generating trust among potential customers. It should also reduce the scope for dissatisfaction and complaints about non-payment of claims arising out of misunderstandings.

Concern has been expressed about the fact that minimum sums insured of £9,000 or even £6,000 may be off-putting to groups of tenants whose possessions have a value significantly lower than these levels. Examples quoted include hostel residents, residents of mother and baby units, foyer residents, students and nurses in specialist accommodation. The complete solution to this problem is unlikely to be as simple as the introduction of lower minimum sums insured for these groups. Insurers set minimum sums insured to reflect the lowest level of premium that is viable. They may therefore be reluctant to reduce premiums to reflect a minimum sum insured as low as perhaps £1,000. There is also a cost attached to the collection of premium, particularly for schemes where premium is not collected in one payment with rent. This cost is reflected in the minimum weekly or fortnightly premium set by the insurers, and for a premium of, for example, 15p per week, the transaction costs would be prohibitive.

We believe that there may be solutions to these problems in more transparent cross-subsidies within a scheme, or by finding new ways to describe the operation of the minimum sum insured – perhaps in terms of a minimum premium for any contents up to a certain value – but these are

issues that need to be examined more closely than is possible within this document. We recommend that further investigation of the extent of this need for a lower minimum sum insured is undertaken by the ABI, working together with the Housing Corporation and the NHF, and that solutions are proposed in a separate study.

Moving beyond tenants contents, PAT 14 highlighted the fact that there are other areas of insurance that are often not available to social housing tenants, apart from home contents cover. The main example highlighted is life assurance.

It is undoubtedly desirable that affordable life assurance cover should be available to RSL tenants, in a way that it is not perceived to be currently, whether on the basis of access, cost, methods and frequency of payment. Once we can say that we have effective national coverage available of tenants contents insurance, then we believe that it will be appropriate to move on to examine this area. At this stage, however, we believe that this would be premature. The Local Authorities and RSLs we have interviewed do not offer or facilitate this kind of cover, and the general view is that “we need to walk before we can run”. Tenants contents insurance is viewed as the priority, and plainly there is a long way to go with that first, both in terms of increasing its availability, and in achieving significantly higher levels of take-up.

There are other examples of insurance cover that one may wish to see widely available to social housing tenants. These could include petcare insurance, against vet bills, which can be a major source of concern for people on lower incomes. This is especially so for many older people living independently, whose dog or cat may be their principal companion. Another example is funeral expenses, which can be an expensive drain for surviving family members. Inasmuch as the arrangements for such cover are less complex than life assurance, we believe that it would be possible to explore these further in the context of a national or large-scale tenants contents insurance scheme.

It is also worth noting that HACTDirect, a division of Holman Insurance Brokers Limited formed in association with HACTHal, already provide facilities for rent or mortgage protection cover, annual and single trip holiday cover and a compensation, comfort and after-care cover for victims of violent crime. These facilities are available to tenants and staff of RSLs.

Information for Tenants

There is a good deal of information that needs to be provided to tenants, both so that the processes they have to follow are clear, and so that there is no room for doubt about the responsibilities of each party: tenant, RSL, broker, insurer, claims handler/loss adjuster. This must include details of how complaints are to be submitted, and who is responsible for dealing with these.

Recognising also that many RSL tenants, especially in metropolitan areas, may not speak good, or any, English, it is important that information should be made available in different languages according to need. Although some insurance companies have such material available, many do not, and the subject has to be addressed by RSLs in discussion with them. Certainly, some Local Authorities and RSLs have stated that take-up levels of existing schemes are noticeably lower among ethnic minority communities. This is seen to some extent as reflecting different cultural expectations, and where language is an issue, as reflecting the lack of information targeted at those concerned. In addition to written material, RSL staff who speak different community languages, should have a full understanding of the scheme in order that they can explain it to tenants directly.

It is also important to recognise the needs of tenants with particular disabilities or special needs. This means having material available in large type, and in Braille or on tape, and where possible explained pictorially. Moreover, it is likely to be useful to produce information in the form of a video (which could be available in different languages).

Above all, scheme documentation, including the insurance agreements, needs to be presented in Plain English.

Clearly it will be easier and cheaper for material to be made available in different languages or formats in the context of a national, or major consortium, scheme.

Publicity and Promotion

A number of complementary approaches to marketing and promoting schemes have been identified. The key, however, is that the Local Authority or RSL does not leave this all to be undertaken by the insurer and/or broker. Tenants know their landlords, and their landlords speak (or should speak) the same language. There is likely to be a degree of trust involved. If a scheme is to be effective, it is critical – and the figures on relative take-up between schemes appear to bear this out – that the landlord makes a positive and sustained effort to promote the scheme to tenants. This includes circulating publicity material at all suitable opportunities, ensuring that housing management staff are trained in the basic workings of the scheme and understand its benefits, and ensuring that these staff make

efforts to promote the scheme to ‘their’ tenants. A prime opportunity to do this is at the sign-up of new tenants, when Housing Officers should explain the scheme and its benefits, and should encourage people, to consider taking out contents insurance.

It is a widely held view among those who have explored this area, that if both the landlord and the insurance provider do not collaborate and commit to effective, sustained wide-scale publicity, efforts to increase and sustain levels of take-up will not succeed.

Examples of the ways that schemes are successfully promoted currently include:

- Including publicity material and an application form in the new tenants pack, and ensuring that housing staff explain the scheme to new tenants at sign-up.
- Displaying posters in all the RSL’s offices.
- Including regular articles in tenants’ newsletters, both general articles about the value of contents insurance, and case studies about individual tenants.
- Using tenants meetings and other suitable events (for example community safety/crime awareness events run by the Local Authority and/or the police) to promote the scheme.
- Direct mail from the RSL to tenants.
- Press releases and placed articles in local press.
- Advertising in local press and on local radio.
- Including details of the insurance scheme on the RSL’s website, and allowing completion of an online application.
- Joint initiatives with the scheme insurer and broker, such as periodic relaunches (for example annually or at least every two years), with incentives for new scheme applicants.
- Periodic competitions/prize draws for scheme members.

Regulatory Issues and Professional Indemnity Exposure

It is possible that if an RSL offered insurance to the general public, there might be an exposure to regulation under the provisions that relate to insurance brokers and agents, and in the case of life assurance products under the Financial Services Act 1986. The position is not absolutely clear at present because of restructuring of the regulatory framework for insurance brokers. In reality, the brokers with whom we have discussed this issue believe that their presence avoids the problem, since the RSL is not acting as a broker. Nonetheless it would be good practice to include in promotional literature clear disclaimers stating: that the cover is offered as a service, that it is believed to represent good value, but that alternatives may be available in the open market. The literature should also clearly state the name of the broker and insurer.

As regards the issue of whether housing legislation permits RSLs to offer insurance to the general public, our view is that this is allowed, under the terms of The Social Landlords (Additional Purposes or Objects) (No. 2) Order 1999.

There is a general duty on an RSL to provide Best Value in offering an insurance service, as in all other areas of its work. It is therefore important that where an RSL sets up its own scheme (as opposed to joining a consortium scheme that has already been tendered, it conducts a proper tender process before appointing a provider, conducts regular reviews or retendering of the scheme providers (every three to five years), and consults with tenants before setting up and later in reviewing the scheme.

RSLs are not legally permitted to withhold claims payments to make up rent arrears or for similar purposes, nor are they permitted to obstruct claims settlement (for example by withholding a claim form pending settlement of arrears), since the insurance contract is between the tenant and insurer.

Professional Indemnity exposures could arise in two main areas. Firstly, if the RSL is administering a scheme, collecting premium or involved with claims handling, there is the possibility of professional error in any of these activities, which might lead to a loss to a tenant. Where an RSL is actively involved in such administration, Professional Indemnity insurers should be advised specifically to ensure that cover is in place for such activities.

The other area would be where an RSL was negligent in promoting a scheme – for example, with an insurer it knew to be insolvent, or a broker known to be incapable of settling claims. This is a very unlikely circumstance, and in any event can be avoided by a sound tender process and the taking of references. In reality, there is no more exposure created here than by any other area of service provision.

Reputational risk

Some RSLs have expressed concerns about being perceived as closely linked to insurance providers, and thereby courting unpopularity in the event of problems occurring with the service, or in the case of disputes over claims. Others have expressed a concern about the ethics of a direct link with organisations that are motivated by profit, in the context of selling services to people on low incomes, a number of whom could be described as vulnerable.

Although these concerns are understandable, we believe that it is possible to deal satisfactorily with all of them. The first key to this is absolute clarity of information for tenants. The RSL must be completely open about where its responsibilities start and end, and that, for instance, this does not involve deciding on claims.

Secondly, as regards potential service problems, this is a possibility in any industry. However, the insurance industry is regulated in accordance with statutory arrangements, which provide appropriate recourse where there is maladministration. Moreover, satisfying the RSL or, if a consortium or national scheme is established, satisfying the NHF or other appropriate body on the effectiveness of systems and procedures of those companies being considered to provide the service, would form a key element of the selection process. In that sense, the position is no different from, say, appointing a maintenance contractor to carry out repairs to tenants' homes.

Take-up Rates

A common view among insurers and brokers is that it requires between 300 and 500 properties to be covered by tenants contents insurance for a scheme to be viable. This is on the basis of a stand-alone scheme. We would comment firstly that, even if RSLs choose to opt for establishing their own separate schemes, a take-up level of 2-3% of tenants within the first year should be perfectly achievable, based on the experience of other organisations. This is subject to the proviso that the scheme should be set up in accordance with one of the models proposed in this guide, and should be promoted actively and effectively. At the same time, we would strongly recommend that the RSL undertakes tenant consultation, which might be a matter of discussing the issue with tenant representatives, with tenants organisations (where these exist), and at tenants meetings. It may also be an issue on which wider consultation is judged appropriate, such as by including relevant questions in a periodic general survey of tenants, or by conducting a specific survey or market research.

In the context of a consortium scheme, along the lines that we propose even lower levels of take-up than those quoted above should prove viable. This could be an important issue for small social landlords who believe that they are too small to be able to operate any of the existing schemes available. Although it is unlikely that small associations that approach brokers to establish a scheme for their tenants would be turned away, the reality is that where the take-up is not expected to reach the 'viability threshold' of 300-500 properties, there may be a lower level of commitment shown by the brokers and insurers. As an example, for small schemes, brokers and insurers tend to use generic proposal forms and information, rather than documents badged for the landlord concerned. This is understandable as a means of keeping down costs. However, the likely effect of this lack of branding is a weakening of the connection with their landlord in the eyes of tenants, and an increased question of credibility of the suppliers. The risk therefore, is of a lower take-up rate than might otherwise be achieved. For a small RSL, this might mean that the effort involved in establishing the scheme is difficult to justify.

To some extent these potential weaknesses can be mitigated by the RSL embracing the scheme closely in other ways – with accompanying literature, posters, greater staff awareness and suchlike. We believe that the situation might also be assisted by the availability of a scheme that is branded by a consortium or a national body such as the NHF, which may also bring the benefits of greater buying power to smaller RSLs.

As regards likely maximum take-up, we have referred above to schemes with up to 35% of tenants in membership. Schemes achieving these kinds of levels are likely to be long-established. Certainly, over 30% is likely to be the realistic upper limit for any RSL. This is because:

- A significant proportion of tenants will already have home contents insurance.
- A proportion will still not be able to afford the cover, even with weekly payments.
- A proportion will not regard the cover as necessary, or as worth making other sacrifices in order to fund it.

In terms of setting targets for a new scheme, we would suggest 2% of tenants in the first year and a 2% annual increase following that. A scheme that is working well should be capable of exceeding this level without undue difficulty.

Eligibility for Insurance Cover

It is normal practice for scheme applicants who have previous criminal convictions or a history of making a significant number of claims, to be referred to the insurer for a decision on whether they should be eligible to join.

Those qualifications apart, views differ on whether contents insurance should be made available to all tenants, or simply to those who are up-to-date with their rent payments. To some extent, this may be conditioned by the type of scheme on offer. If the scheme involves payment combined with rent, it may arguably make better sense to restrict membership. This is less of a pressing issue where payment is collected separately.

However, some RSLs may take the view that flexible and affordable contents insurance is a benefit that should only be offered to ‘good tenants’. Alternatively, others may argue that when somebody approaches a high street broker or insurer for contents insurance, their history of meeting rent or mortgage payments is not checked, and that on this basis, it would be inappropriate to discriminate against social housing tenants, especially in an environment of promoting social inclusion.

We believe that the decision on such eligibility should be left to the individual RSL in consultation with its tenants.

As regards making schemes available to non-tenants, in broad terms, this would be a good thing in principle. Offering a scheme to non-tenants could be seen as being linked to the wider community development role that many RSLs now espouse. One obvious category to whom a scheme could be extended, is leaseholders and other former tenants who have exercised their right to buy. Another appropriate group to consider will be other residents of mixed estates (either mixed Local Authority/RSL tenancies, or mixed tenure estates) where the RSL has housing stock.

It has to be recognised, however, that there are practical difficulties in making a scheme available to non-tenants, especially where the scheme is administered by the RSL. Setting up payment arrangements for people with whom the RSL does not already have a payment relationship, will cost money, which, as discussed previously, will have to be found from somewhere. Nevertheless, in the same way that insurance with rent schemes can be operated for tenants whose rent is paid entirely by Housing Benefit, it is feasible for insurance-only accounts to be set up within many of the software systems that are used to run insurance with rent schemes. This is less of an issue with a scheme that is administered wholly separately by a broker or insurer.

The keys to success, however, will be the energy and commitment devoted to promoting and selling the scheme to a wider community, which is likely to prove considerably more difficult than selling it to a tenant group with whom the RSL already has a strong connection.

A Consortium Approach

The idea that a consortium approach to arranging and purchasing insurance could be beneficial to all concerned, is not revolutionary. Depending on how the scheme was constructed, a consortium would bring insurers a wider base, leading potentially to lower costs for tenants. At the same time, standardised administration arrangements could simplify matters for brokers, insurers and RSLs alike.

The only obvious disadvantage might come if a national or even regional standardisation were attempted in premium rates. Insurers rate different geographical areas on the basis of postcodes. While existing schemes do offer similar rates across large Local Authority areas (for example Manchester, Liverpool, Leeds, Newcastle-upon-Tyne), attempting to do this on a wider scale is likely to be unrealistic, leading to premiums being set at higher levels in many areas than would be justified.

It should at the same time be recognised that RSLs routinely operate across Borough or District boundaries. This will mean that, even though a national or regional scheme may have a standard rate for each Local Authority area, the RSL would have to gear up (in administering an insurance with rent scheme) to handle a number of different rates. This may not be a major

imposition: RSLs already of course have different rent and service charge levels for different properties. It is nevertheless an additional administrative task.

One consortium scheme is already in fact in operation, run by the Northern Consortium of Housing Authorities, in conjunction with insurers Royal & Sun Alliance and brokers Marsh UK. Established in 1998, this scheme is operated by a number of Local Authorities, and several RSLs have explored its possibilities. It is also worth noting that the Scottish Federation of Housing Associations provides a scheme for their member-organisations, managed by a broker on their behalf.

There could be advantages for some RSLs in seeking to buy into the Northern Consortium scheme, but there are also likely to be advantages to having a scheme run specifically by and for RSLs. Whilst there are many areas of overlap between the landlord roles of RSLs and Local Authorities, there are differences too, in the statutory and regulatory frameworks, styles of operation, and geographical dispersal of the stock of many RSLs. We believe that consideration should therefore be given to options for establishing such a national scheme. We explain below how such a scheme could operate in practice.

A National Scheme for RSLs

Some of the arrangements needed to run a national tenants contents insurance scheme may already exist in services which the NHF sponsors and which are delivered on its behalf. This includes the field of insurance, where each Federation member's subscription includes a standard level of liability cover, arranged through Farr, for Voluntary Board Members and Senior Officers. Additional cover can be purchased if required. Separately, Breach of Professional Duty insurance, negotiated by the NHF, is also available through Farr. Another relevant non-insurance example is the NHF Schedule of Rates used to price repairs and maintenance contracts. This scheme is administered by external consultants.

We believe that a similar approach could work for RSL tenants contents insurance. The NHF or another appropriate body would tender the brokerage to run both types of scheme (that is insurance with rent and arm's length), either as separate operations, or potentially as one scheme with two routes into it (with either the RSL undertaking the administration, or the broker/insurer doing this). Which precise version(s) were chosen, may well depend on what the market sees as feasible, which could be tested through negotiated tendering.

Taking account of norms within the insurance industry, a three to five year period between tendering is likely to be appropriate. This could mean in practice that the brokers were appointed for a three year period, which could be extended for a further two years in the event of a successful Best

Value review. Naturally there would need to be scope to remove the broker before the expiry of the term in the event of inadequate performance.

The responsibilities of the appointed brokers would be to manage a negotiated tender exercise (in consultation with the NHF or other body concerned) to identify an insurer or panel of insurers to underwrite a scheme on a national basis, and to establish effective systems for collection of premium either with rent or on an arms length basis according to the preference of individual RSLs. The broker would be required to establish a single national basis of cover and extensions and a policy wording. Claims handling systems would be required that were efficient and effective across the entire country. The broker would be responsible for negotiating the best premium possible for any RSL joining the scheme. In consultation with the NHF or other body involved, the broker and the insurers would also need to develop a marketing plan and publicity materials.

Given the nature of the scheme and the fact that it would be national, retendering the insurance annually would be inappropriate, since the successful insurer should be expected to give a serious and sustained commitment to making the scheme work. On that basis, a three-year appointment would probably be appropriate, though again, there would need to be provision to retender at an earlier stage, in the event of premiums being hiked unreasonably or the service not meeting expectations.

A scheme such as this could prove to be very useful for smaller RSLs, and would also offer benefits to larger landlords. However, we recognise that there will be those RSLs who would prefer to tender for and operate their own individual schemes, perhaps for reasons of consistency with their other insurances, or flexibility in the arrangements of the scheme. It may also not be desirable in the interests of maintaining competition in the market that a national scheme should become so widespread as to drive out any alternatives. For these reasons, we also believe that consideration should be given to establishing a national system of accreditation by the NHF or another appropriate body, that would be available to any broker's schemes, provided that they met certain minimum criteria agreed by the accrediting body. This process would create a standard of quality for tenants insurance schemes that could be relied upon by potential users of the scheme, both RSLs and their tenants.

Inasmuch as the broking service would be tendered by the NHF or other body concerned, this would obviate the need for each individual RSL to go through their own separate tender exercises. RSLs could then either choose to join this national scheme or to join another consortium if a suitable one was available, or could equally tender their own scheme themselves if this is seen as preferable.

SCHEME MODELS

5

In this section, we outline the key features of three scheme models that work well. We would stress that we do not believe that any one of these models is better than the others. Rather, the decision on which scheme will work best for a particular RSL, is one to be taken by the RSL itself in consultation with its tenants. In reaching that decision, the issues set out at section 6 below (Choosing the Right Scheme) will be particularly useful.

**Model One - Insurance with Rent Scheme -
Combined Payment - see page 34**

**Model Two - Insurance with Rent Scheme -
Separate Payment - see page 35**

**Model Three - 'Affinity'/Arm's Length Scheme -
Separate Payment - see page 36**

Scheme operator	Newcastle City Council
Size of property stock	35,385 homes.
Age of scheme	From May 1983 (May 1993 with Current Insurer)
Take up of scheme	7, 000 total (split approximately 50:50 between pensioners and non-pensioners) - c. 21%
Insurer	Independent Insurance Co. Ltd.
Broker	Marsh UK Ltd.
Basic level of cover	Standard cover - £13, 000 or £16, 000 Pensioners - £7, 000
Basic premium	Standard - £2.11 or £2.63 per week. Pensioners - 65p, £1.30, £1.63 per week
Policy excess	10% of claim (up to maximum of £250) for standard policies. No excess for pensioners.
Basis of cover	Fire and perils. New for old-for items up to five years old. Wear and tear deduction- for items over five years old. Accidental damage - TVs, VCRs, mirrors and fixed glass in furniture.
Premium collection	Charged weekly onto rent accounts.
Premium collection frequency	Weekly.
Premium arrears process	After six weeks' non-payment, a letter is sent giving two weeks to pay. If the premium arrears are not paid, then the member is withdrawn from the scheme (but is able to re-apply when the premiums have been cleared).
Scheme administration	Administered in-house by Debit Control Section, Community and Housing Directorate.
Claims handling	All claims dealt with by loss adjuster.
Marketing and promotion	Application forms and posters displayed in Council offices; application forms sent to all new tenants; leaflets sent out with new rent cards or annual rent increase letters.
Complaints procedures	Complaints are dealt with by the City Council. Loss adjusters' performance is monitored by brokers.
Commission	None taken by Council

Scheme operator	Plymouth City Council.
Size of property stock	17, 580 total (split 17, 150 general needs, 430 sheltered)
Age of scheme	Since October 1998.
Take up of scheme	2, 250 (approximate split 50:50 between under-60s and over-60s - c. 13%.
Insurer	Norwich Union.
Broker	Aon.
Basic level of cover	Standard cover - £9,000. Over-60s - £6, 000.
Basic premium	15p per £1,000 cover per week across the board.
Policy excess	None.
Basis of cover	Fire and perils. New for old-for items up to five years old. Wear and tear deduction- for items over five years old. Accidental damage - TVs, VCRs, mirrors and fixed glass in furniture.
Premium collection	Payments are made alongside rent but are kept separate, at housing offices; or by door to door collection; or by standing order; or in the case of City Council employees, are deducted at source from pay.
Premium collection frequency	Fortnightly on the same frequency as rents. It is also possible to pay weekly, monthly or annually.
Premium arrears process	Reminder letters are sent after payments have been missed for three and for five weeks. Cover is cancelled after payments have been missed for seven weeks.
Scheme administration	City Council Housing Department.
Claims handling	Cunningham Loss Adjusters.
Marketing and promotion	Publicity posters in Council offices; scheme promoted by staff and tenants' organisations; local press articles; Council newsletter.
Complaints procedures	Claims complaints - by claims adjuster or adviser. Scheme acceptance complaints - by the insurer. Scheme administration complaints - by the City Council.
Commission	Commission is taken by the City Council, and used to cover the costs of scheme administration.

Scheme operator	Ashton Pioneer Homes.
Size of property stock	808 Homes.
Age of scheme	Since February 1999 in its present form, but prior to that with the Tameside Council
Take up of scheme	112 - c. 14%.
Insurer	Norwich Union.
Broker	Farr.
Basic level of cover	Standard cover - £8,000. Sheltered accommodation residents - £6,000.
Basic premium	Standard cover - £2.68 per fortnight. Sheltered residents - £2.17 per fortnight. Lower rates for monthly and annual payment.
Policy excess	£50.
Basis of cover	Fire and perils. New for old-for items up to five years old. Wear and tear deduction- for items over five years old. Accidental damage - TVs, VCRs, mirrors and fixed glass in furniture.
Premium collection	At Post Offices by swipe card; or monthly by direct debit; or annually by cheque or postal order.
Premium collection frequency	Fortnightly, monthly, annually.
Premium arrears process	After four weeks' non-payment, a letter is sent giving two weeks to pay. If the premium arrears are not paid, then the member is suspended from the scheme (but can be reinstated when premiums have been cleared).
Scheme administration	Administered by Wessex Administration.
Claims handling	All claims dealt with by Wessex Administration.
Marketing and promotion	Application forms and posters displayed in Association offices; application forms sent to all new tenants; leaflets sent out with new rent cards and annual rent increase letters.
Complaints procedures	Complaints handled by Wessex Administration, or by Norwich Union if not resolved to the tenant's satisfaction.
Commission	None taken.

CHOOSING THE RIGHT SCHEME

In this section, we summarise the questions that need to be considered, in order to choose the scheme that is most appropriate. As stressed above, there are no right or wrong answers in choosing between the three scheme models: the key question is what will work best for the individual RSL and its tenants.

6

The PROs and CONs

The following table outlines the principal points for and against each of the three scheme models, from the perspectives of our three prime audiences: RSLs, insurers, and tenants. It will be noted that many of the advantages and disadvantages to the different groups apply to more than one (or in some cases all) of the scheme alternatives.

	<i>Insurance With Rent Combined Payments</i>	<i>Insurance With Rent Separate Payments</i>	<i>Affinity / Arm's Length</i>
RSLs PROs	<ul style="list-style-type: none"> • Demonstrates commitment to provide beneficial services and promote social exclusion. • Promotes payment culture and responsible attitude to property. • Promotes sustainability of tenancies. • Opportunity to defray 'landlord's liabilities'. • Scheme would be straightforward for tenants. • Commission/ refund of expenses available. 	<ul style="list-style-type: none"> • Demonstrates commitment to provide beneficial services and promote social exclusion. • Promotes payment culture and responsible attitude to property. • Promotes sustainability of tenancies. • Opportunity to defray 'landlord's liabilities'. • Scheme suitable for extending to non-tenants. • Commission/ refund of expenses available. 	<ul style="list-style-type: none"> • Demonstrates commitment to provide beneficial services and promote social exclusion. • Promotes responsible attitude to property. • Promotes sustainability of tenancies. • Opportunity to defray 'landlord's liabilities'. • Scheme suitable for extending to non-tenants.

	<i>Insurance With Rent Combined Payments</i>	<i>Insurance With Rent Separate Payments</i>	<i>Affinity / Arm's Length</i>
RSLs CONs	<ul style="list-style-type: none"> ● Additional administrative resources required. ● Additional payment arrangements may be required for tenants on full HB. ● Hierarchy of payments must be made clear to tenants. ● Schemes less suitable for extending to non-tenants. ● RSL could be perceived as 'too closely linked with insurer. 	<ul style="list-style-type: none"> ● Additional administrative resources required. ● Additional payment to collect. ● RSL could be perceived as 'too closely linked' with insurer. 	<ul style="list-style-type: none"> ● Less control over operation of scheme. ● No direct relationship with tenants in administration of the scheme. ● No commission/refund of expenses available.

	<i>Insurance With Rent Combined Payments</i>	<i>Insurance With Rent Separate Payments</i>	<i>Affinity / Arm's Length</i>
Insurers PROs	<ul style="list-style-type: none"> • Promotes culture of responsibility. • Major business growth opportunity. • Opportunity to extend market for other insurance products. • Administration and collection costs lower. • Credibility of providers of scheme less of an issue. 	<ul style="list-style-type: none"> • Promotes culture of responsibility. • Major business growth opportunity. • Opportunity to extend market for other insurance products. • Administration costs lower. • Credibility of providers of scheme less of an issue. 	<ul style="list-style-type: none"> • Promotes culture of responsibility. • Major business growth opportunity. • Opportunity to extend market for other insurance products. • Greater control over operations of scheme. • Scheme suitable for extending to non-tenants.
CONs	<ul style="list-style-type: none"> • Risk of less control over operation and development of scheme. 	<ul style="list-style-type: none"> • Risk of less control over operation and development of scheme. 	<ul style="list-style-type: none"> • Administration and collection costs may be higher. • Credibility of providers of scheme more of an issue.

	<i>Insurance With Rent Combined Payments</i>	<i>Insurance With Rent Separate Payments</i>	<i>Affinity / Arm's Length</i>
Tenants PROs	<ul style="list-style-type: none"> ● Opportunity to access affordable insurance. ● Opportunity to avoid debt in case of disaster. ● Convenience - no additional payments to make. ● Landlord is already known. 	<ul style="list-style-type: none"> ● Opportunity to access affordable insurance. ● Opportunity to avoid debt in case of disaster. ● Landlord is already known. 	<ul style="list-style-type: none"> ● Opportunity to access affordable insurance. ● Opportunity to avoid debt in case of disaster. ● Potentially greater flexibility in payment arrangements.
CONs	<ul style="list-style-type: none"> ● Additional call on limited funds available. ● Scheme terms and facilities may make it more expensive than comparable cover in the open market. 	<ul style="list-style-type: none"> ● Additional payments to make. ● Additional call on limited funds available. ● Scheme terms and facilities may make it more expensive than comparable cover in the open market. 	<ul style="list-style-type: none"> ● Additional payments to make. ● Additional call on limited funds available. ● Scheme terms and facilities may make it more expensive than comparable cover in the open market. ● Administration of scheme is by 'unknown' third party.

Key Considerations

The following table identifies key questions that an RSL needs to consider in order to determine which model is likely to suit their arrangements best. Taken as a whole, the answers that apply to the RSL should help demonstrate which of the three models of scheme is likely to be the most practical, without requiring the RSL to change various of its administrative and operational systems. For example, if the answer to question ‘Do you collect combined payments of rent and other miscellaneous charges?’ is yes, all three schemes will work for your RSL. If the answer is no, only schemes 2 and 3 will work.

In the table, “1” refers to an Insurance With Rent scheme with combined payments; “2” means an Insurance With Rent scheme with separate payments; and “3” means an ‘affinity’ or arm’s length scheme.

Which Scheme will work for your RSL?	YES	NO
<p><i>Administration Arrangements</i></p> <ul style="list-style-type: none"> Do you collect combined payments of rent and other miscellaneous charges? Do you have payment arrangements in operation for tenants receiving full Housing Benefit? Could you potentially resource the basic administration of an insurance scheme (for example with a commission)? 	1 1 or 2 1 or 2	2 or 3 3 3
<p><i>Payment Methods</i></p> <ul style="list-style-type: none"> Do tenants pay rent at locations other than your offices? (for example Post Offices, PayPoints or banks) 	2 or 3	3
<p><i>Payment Frequency</i></p> <ul style="list-style-type: none"> Do you offer weekly or fortnightly payment frequencies? 	1 or 2 or 3	3
<p><i>Scheme Eligibility</i></p> <ul style="list-style-type: none"> Are you prepared to extend the scheme to people with whom you have no payment relationship (for example private tenants, owner-occupiers)? 	2 or 3	1 or 2 or 3
<p><i>Commitment</i></p> <ul style="list-style-type: none"> Are you willing to work with the scheme providers continually to promote and advertise your scheme? 	1 or 2 or 3	none

Setting Up Or Joining A Scheme

The following list sets out the key stages that an RSL should go through in deciding on the appropriate scheme, and putting the necessary arrangements in place.

Action	Notes
1. Assess which of the scheme models are feasible for the RSL.	Taking account of the points in sections 6.1 and 6.2, including flexibility of housing management, rent accounting and IT systems.
2. Consult tenants on: (a) what they want the scheme to offer them, and (b) the types of scheme on offer.	(a) including type and extent of cover, payment arrangements and frequency (b) i.e. models 1, 2, 3.
3. Decide whether it is feasible for the RSL to have its own scheme.	Taking account of the size of the stock.
4. If the RSL is not large enough to have its own scheme, go to point 7 below (scheme run by NHF or other relevant body, or other consortium scheme).	
5. Decide on whether the RSL should have its own scheme, or join the national RSL scheme or other consortium scheme (if available). <ul style="list-style-type: none"> • If the RSL is to establish its own scheme, continue at point 6. • If the RSL proposes to join a consortium scheme, go to point 7. 	
6. Own Scheme <ul style="list-style-type: none"> • Draw up service specification. • Appoint tender evaluation panel. • Invite brokers to tender. • Appoint preferred broker. • Negotiate on service details. • Broker conducts negotiated tender exercise with potential insurers. • Go to point 8. 	
7. Consortium Scheme <ul style="list-style-type: none"> • Identify the consortia available and discuss scheme options with them. • Select consortium. • Continue at point 8. 	
8. Decide on whether to take commission, and if so, what it will be used for.	Bear in mind that commission is reflected in higher premiums.
9. Draw up marketing plan with broker and insurer.	
10. Train Housing Officers and relevant Finance, IT, and Administrative staff.	
11. Public launch of scheme.	
12. Regular programme of meetings.	Initially quarterly, then six-monthly.
13. If the RSL has its own scheme, build in periodic broker and insurer review exercises.	

CONCLUSIONS

It is within the ability of most, if not all RSLs to make available home contents insurance to all their tenants, and potentially also to non-tenants. Moreover, this insurance can be:



- Affordable for those on tight budgets.
- Available to people regardless of where they live.
- Comprehensive and flexible, in terms of the range of cover provided.
- Offering convenient payment terms.
- Relatively straightforward to administer.
- Capable of contributing real indirect benefits, such as increasing the sustainability of tenancies.

All of these facilities exist in the market already, and a significant number of RSLs and their tenants benefit.

While there will inevitably be some difficulties and adjustments to existing arrangements, these can all be fairly easily overcome.

In essence, there are three alternative models of scheme, any of which can be successful, depending on the specific circumstances and systems of the RSL. The choice of which to opt for is a matter for the RSL in consultation with its tenants. Our view is therefore that each RSL, at least those with a reasonable size of housing stock – we would suggest more than 500 homes – should proceed to make available home contents insurance for its tenants, and as far as possible others who are relevant. The obvious groups of ‘others’ would be leaseholders and former ‘Right to Buys’, and potentially also non-tenants who share estates with the RSL.

Whichever type of scheme they opt for – insured with rent, either using combined payments with rent or separate payments, or an arm’s length scheme – smaller RSLs, including those with less than 500 homes, may find it more practical to join a scheme sponsored by the NHF or other appropriate body, or another consortium scheme. Larger RSLs would have a choice of setting up a scheme of their own, or joining an appropriate consortium scheme.

We believe that an ideal arrangement would be for a national scheme for RSLs to be established, by the National Housing Federation or another appropriate body. However, we are not proposing that if such a scheme is established, then all RSLs should buy into this. Rather, such a scheme would have the potential to provide a benchmark of quality, cost and flexibility that others can choose to match. Indeed, we would suggest a scheme of accreditation by the NHF or another appropriate body, of schemes that met certain minimum standards.

In encouraging the establishment and growth of home contents insurance for tenants, the Housing Corporation has an important role to play. While there is no suggestion that the Corporation would regulate on this area, we would expect it to promote the need for RSLs to make these insurance facilities available, for example in the course of Corporation inspection visits to RSLs.

There is no doubt that, having achieved a widening of the current coverage of tenants contents schemes, there will be scope to extend the range of insurance cover available. This will include such areas as pet insurance and funeral expenses. Beyond that, there is the potential to move into the area of life assurance. We would not, however, see this as practical in the immediate term, in advance of focusing on achieving major growth in home contents schemes.

Finally, we recognise that existing schemes, even if extended and marketed to many tenants who do not currently have the opportunity to access contents insurance, will not necessarily address everybody's needs. This especially concerns people living in, for example, single persons' accommodation, such as student nurses, single parents, and hostel and foyer residents. In many cases, people in this position would not need the minimum levels of cover routinely offered, and may not in any event be able to afford the premiums. Plainly, work needs to go into exploring options for providing lower minimum levels of cover at reduced rates for such groups.

8

RECOMMENDATIONS

Each RSL should actively consider options for making available home contents insurance for its tenants, and so far as possible also for leaseholders, former 'Right to Buys' and relevant others. This could be either through participating in a national RSLs scheme (if this has been established) or another consortium scheme, or through establishing their own scheme.

The Housing Corporation should encourage and promote such schemes through all appropriate means, including at inspection visits to RSLs.

The Housing Corporation and the NHF should investigate the feasibility of establishing a national RSLs tenants contents insurance scheme. Such a scheme would be managed by insurance brokers appointed for the purpose. The scheme should be subjected to periodic re-tendering every three to five years, and with built-in provision for more frequent examination of the arrangements to ensure that they continued to represent Best Value.

The Housing Corporation, the NHF and the Association of British Insurers should investigate the feasibility of establishing a scheme of accreditation or certification, available for all providers of tenants contents insurances or similar products, to create a standard of quality that could be relied upon by potential users of the scheme, both RSLs and their tenants.

The Housing Corporation, together with the NHF and ABI, should conduct periodic reviews of the availability and take-up levels of tenants contents insurance.

The ABI, Housing Corporation and NHF should undertake further investigation of the extent of the need for a lower minimum sum insured for some groups of residents or tenants of RSLs, and should propose solutions in a separate study.

The ABI, Housing Corporation and NHF should explore options for facilitating access to wider insurance/assurance cover for RSL tenants, such as pet insurance and funeral expenses, particularly in the context of the establishment of a national or major regional tenants contents insurance scheme(s).

The ABI, Housing Corporation and NHF, and other appropriate bodies should explore options for facilitating access to life assurance cover for RSL tenants.

The Treasury should consider exempting social housing tenants contents insurance schemes from Insurance Premium Tax. Insurance brokers and insurers involved in this field should continue to develop marketing plans that will provide consistent support to the promotional and sales efforts of RSLs offering their services.

APPENDICES

A. Interviewees

We have interviewed and consulted representatives of a number of organisations in researching and compiling this guide. We acknowledge with thanks their help and advice.

Specialist and Umbrella Bodies

- allpay.net Limited – Joe Sykes, Sales Manager
- Association of British Insurers – John Parker, Head of General Insurance Gary Stears
- Camelot Group plc – Steve Durnien, Project Manager
- Department of the Environment, Transport & the Regions – Jan Bird, Housing Management Directorate
- Local Government Association – Paul Lautman, Head of Housing Policy Group
- National Housing Federation - Marion Turner, Head of Finance Policy
- Northern Consortium of Housing Authorities - Allan Kelley, Head of Operations
- PayPoint – Ian Ranger, Sales Support Executive
- People for Action - Emma Daniel, Information Co-ordinator
- Personal Finance Research Centre, University of Bristol - Elaine Kempson, Head of Centre
- The Housing Corporation – Steve Onger, Senior Policy Analyst Gill Rowley, Private Finance Manager

Registered Social Landlords

- Beacon Housing Association - Redmond Lee, Finance Director
- East Thames Housing Group – Christine Waring
- Hereward Housing - Nick Abbey, Chief Executive Phil Lenney, Office Services Manager
- London & Quadrant Housing Trust – Keith Petty, Insurance Officer
- The Housing Corporation – Steve Onger, Senior Policy Analyst Gill Rowley, Private Finance Manager
- Paddington Churches Housing Association - Alan Beatty, Director of Housing Services
- Partnership Housing Group – Karen Ash, Board and Legal Secretary
- Poplar HARCA - Theresa Bray, Director of Finance Garry Carlin, Rent Accountant
- Riverside Housing Association - Phil Elvy, Financial Controller
- Tower Hamlets Community Housing - Sharon Standell, Director of Housing
- William Sutton Trust - Andrew Corder, Housing Policy Officer

Local Authorities

- Conwy County Borough Council - Mary Owen, Support Services Officer
- Edinburgh City Council – Cathy King, Personal Assistant to Director of Housing
- Glasgow City Council - Gordon Mackay, Administrative Officer
- Kings Lynn & West Norfolk Borough Council - Michael Barnes, Assistant Billing Manager
- Leeds City Council - Chris Allen, Policy Development Officer (Housing)
- Liverpool City Council - Gail Richards, Tenants Contents Insurance Officer
- London Borough of Tower Hamlets - John Hills, Insurance Manager
- Manchester City Council - Mark Slater, Principal Team Leader
- Newcastle upon Tyne City Council - Allan Bertram, Head of Regeneration: Resources
- North Hertfordshire District Council - Fiona Timms, Risk Manager
- Plymouth City Council - Phil Brown, Principal Assistant (Resources), Housing Finance
- Sheffield City Council - Vicky Hill, Rents Officer
- Sunderland City Council - Lisa Fairweather, Finance Officer, Housing Department

Insurance Providers

- Aon Ltd. – Edward Gordon, Director, Tenant Insurance Services
Tony Martin, Director, Affinity Insurance Services
- DOR Insurance Brokers – Steve Tighe, Risk Management
Consultant David Owen, Managing Director
- Farr – Martin Crowe, Development Executive
Mark Evans, Director
- HRIM (HACT Risk & Insurance Management) – Adrian Harris
- Independent Insurance Co. – Nick Wright
- Jardine Lloyd Thompson - Adrian Willmott, Sales Executive
- Lloyds TSB Insurance – Paul Blake, Head of Retail Marketing
- Marsh UK – Colin Rose, Associate Director
- Thomas Winter Insurance – Michael Graham, Director
- Zurich Municipal – Claire Hickeys, Product Development

B. Glossary

AFFINITY/ARM'S LENGTH INSURANCE SCHEME - A tenants contents insurance scheme that is administered by a broker or insurer on behalf of the landlord, but which the landlord (in our recommended model) actively promotes and markets.

ASSOCIATION OF BRITISH INSURERS (ABI) - The trade body for the insurance industry, which represents members' interests, and has developed Codes of Conduct on insurance practice with which members must comply.

HOUSING BENEFIT (HB) - A Government benefit, sometimes called rent rebate or rent allowance, to help people on a low income or those who receive Income Support or Job Seekers Allowance, with their housing costs. Subject to the person's circumstances and the level of their rent, HB can cover the whole amount of their rent ("full HB"). HB is administered and paid by Local Authorities.

INSURANCE WITH RENT SCHEME (IWR) - A tenants contents insurance scheme marketed and administered by the landlord, who issues policy documents, collects premiums, and acts as first point of contact with tenants.

LOCAL AUTHORITY (LA) - The local district or unitary authority or a metropolitan authority or London borough.

NATIONAL HOUSING FEDERATION (NHF) - The trade body that represents the independent social housing sector in England, with around 1,400 non-profit housing organisations currently in membership, which together own or manage around 1.4 million homes.

PERSONAL LINES INSURANCE - The general description for insurance covers designed for private individuals rather than companies, including home contents insurance.

POLICY EXCESS - The first part of an insurance claim, which under the terms of the policy has to be paid by the insured person.

REGISTERED SOCIAL LANDLORD (RSL) - A social landlord that is independent, does not trade for profit, and is regulated by the Housing Corporation.

THE HOUSING CORPORATION (HC) - A Non-Departmental Public Body, sponsored by the Department of the Environment, Transport and the Regions, that funds and regulates Registered Social Landlords in England.

C. Bibliography

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Kempson E., “Insured with rent schemes”, Association of British Insurers, 1999.

Whyley C., McCormick J., and Kempson E., “Paying for peace of mind: access to home contents insurance for low-income households”, Policy Studies Institute, 1998.

Financial Services Act 1986.

General Insurance Standards Council Rules, June 2000.

Housing Act 1996.

Statutory Instrument 1999 No. 1206, The Social Landlords (Additional Purposes or Objects) (No. 2) Order 1999.

D. Contacts

allpay.net Ltd.	Joe Sykes, Sales Manager Central Park, Church Road, Kingstone, Hereford HR2 9ES
Association of British Insurers	John Parker, Head of General Insurance 51 Gresham Street, London EC2V 7HQ
National Housing Federation	Marion Turner, Head of Finance Policy 175 Gray’s Inn Road, London WC1X 8UP
Northern Consortium of Housing Authorities	Alan Kelley, Head of Operations Webster’s Ropery, Ropery Road, Deptford Terrace, Deptford, Sunderland, Tyne & Wear SR4 6DJ
PayPoint Network Ltd.	Ian Ranger, Sales Support Executive 1 The Boulevard, Shire Park, Welwyn Garden City, Hertfordshire AL7 1EL
Scottish Federation of Housing Associations	38 York Place, Edinburgh EH1 3HU
The Housing Corporation	Steve Onger, Senior Policy Analyst Gill Rowley, Private Finance Manager 149 Tottenham Court Road, London W1P 0BN

E. Brokers and Insurers known currently to provide Insurance with Rent and/or Affinity Schemes

The following list sets out those insurance brokers and insurers identified by the authors of this guide as providing, at the time of writing, the types of home contents insurance cover discussed in this document. We cannot guarantee that every single provider currently operating in this market in the UK has been identified. If any have inadvertently been omitted, we would extend our apologies to them.

Brokers

Aon Ltd.	Edward Gordon, Director, Tenant Insurance Services Garrod House, Chaldon Road, Caterham, Surrey CR3 5YW
DOR Insurance Brokers	Steve Tighe, Risk Management Consultant 69 London Road, Alderley Edge, Cheshire SK9 7DY
Farr	Martin Crowe, Development Executive Farr House, Chelmsford, Essex CM1 1NR
HRIM (HACT Risk & Insurance Management) - HACTDirect	Adrian Harris Ibex House, 42-47 Minories, London EC3N 1DY
Jardine Lloyd Thompson	Adrian Willmott, Sales Executive, Municipal Risks 6 Crutched Friars, London EC3N 2PH
Lloyds TSB Insurance	Paul Blake, Head of Retail Marketing Tredegar Park, Newport, South Wales NP10 8SB
Marsh UK	Colin Rose, Associate Director Marsh House, Rooms Lane, Morley, Leeds LS27 9PT
Thomas Winter Insurance	Michael Graham, Director 40-46 Chapel Street, Marlow, Buckinghamshire SL7 1DD

Insurers

Zurich Municipal Claire Hickes, Product Development
Southwood Crescent, Farnborough,
Hampshire GU14 0NJ

Independent Insurance Broker only market
Company

Norwich Union Broker only market

Royal Sun Alliance Broker only market

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- Redmond Lee, Beacon Housing Association
- Tony Martin, Aon Ltd.
- Steve Onger, The Housing Corporation
- John Parker, Association of British Insurers
- Gill Rowley, The Housing Corporation
- Marion Turner, National Housing Federation
- Nick Wright, Independent Insurance Company

