

Call-Off Schedule 20 Specification

Overview

- 1.1 HM Revenue & Customs (HMRC) the Authority, are the UK's tax, payments and customs authority. Our purpose is to:
 - a) collect the money that pays for the UK's public services; and
 - b) help families and individuals with targeted financial support.
- 1.2 We do this by being impartial and increasingly effective and efficient in our administration. We help the honest majority to get their tax right and make it hard for the dishonest minority to cheat the system.

2. Background

- 2.1 HMRC has identified a requirement for the provision of Insurance Broker services in order to obtain Third-Party Vehicle and Public Liability Insurances and support services.
- 2.2 Private Mileage for HMRC's Company Car Schemes (ACS and ACS Lite)
 - 2.2.1 Part VI of the Road Traffic Act 2008 stipulates that Third-Party insurance is required for all vehicles on the road. HMRC has Crown Exemption from this Act, which entitles Government Departments to self-insure for all vehicle business use. However, this exemption does not allow for the self-insurance of Private mileage.
 - 2.2.2 Certain job roles within HMRC allow for a company car (ACS and ACS Lite) whereby the driver pays 3/8s of the associated costs and 'Benefit in Kind' Tax. This entitles the driver to the benefit of being able to drive the vehicle for private mileage. This includes private mileage within the EU. As part of this contract, HMRC's Company Car Drivers are also allowed:
 - a) a replacement Courtesy / Hire car to cover downtime; and
 - b) to nominate 2 Friends and Family to drive the vehicle.
- 2.3 HMRC vehicles travelling on HMRC business on roads within EU Member States.
 - 2.3.1 Prior to BREXIT, HMRC were able to self-insure for vehicles driving on business mileage on EU Roads under EU Directive 72/166/CEE (as amended). From 1st January 2021, this exemption was withdrawn.
 - 2.3.2 The Department of Transport have now reached an agreement with the EU, which allows UK drivers to drive on EU roads without the need of a Green Card, but it is unclear if this exemption also allows the right of HM

Government to Self-Insure. Until such time as legal agreement can be given, HMRC are required to have separate Third-Party Insurance to cover official driving on EU roads. However, should it be established that Crown Self Insurance is legal, then this supply may no longer be required.

- 2.3.3 HMRC is divided into various work streams but only 2 areas may be required to drive on EU roads for Business:

2.3.3.1 The Fraud Investigation Service (FIS) is responsible for the Department's civil and criminal investigations into the most serious fraud and wrongdoing. They use a wide range of powers and approaches to protect UK funding for public services by investigating the most harmful tax cheats; and

2.3.3.2 The Risk & Intelligence Service (RIS) is responsible for understanding and managing the risks to the UK tax system by gathering information and intelligence, which is then fed to FIS for investigation and analysed to assess the risks and threats to the UK tax system.

- 2.3.4 In order to carry out these responsibilities, Officers from FIS and RIS are sometimes required to travel on EU roads, which includes attending UK Customs Sheds housed within France.

2.4 **Redacted**

3. Existing Long-Term Agreement (LTA)

- 3.1 HMRC are currently in Year 1 of a 3-year Long Term Agreement (LTA) for Third-Party Vehicle Insurance (Year 1 expires on 30/04/2022), years 2+3 are optional and are dependent on the incumbent insurance provider maintaining their rates within the LTA.
- 3.2 At the earliest opportunity and annually thereafter, the Supplier will be expected to issue a pre-renewal questionnaire to HMRC. Subject to the incumbent insurance provider's response, and after consultation with HMRC, should the LTA be broken or the decision made not move into the 1+1 extension/s, the Supplier will be required to undertake a market exercise at each subsequent annual renewal point and approach other insurers for alternative quotations.
- 3.3 In order to stagger the contract and the annual insurance renewal date, HMRC are looking to start the new contract from February 2022, with no expectations before the expiry of the current contract.
- 3.4 The New Brokerage contract will commence on 1st May 2022 together with managing the newly let insurance policies.
- 3.5 The new Broker will prepare to review the LTA or re let the insurance for 2023/24

4. Requirement

- 4.1 HMRC will utilise the Crown Commercial Service (CCS) 'Insurance and Related Services 3' Framework (RM6020), Lot 1, to appoint an Insurance Broker who in addition to providing insurance placement, will also provide support services including;
- a) General advice and consultancy;
 - b) Actuarial services;
 - c) Claims handling;
 - d) Risk management and profiling; and
 - e) Management information.
- 4.2 The appointed Broker will access Crown Commercial Service RM6138 'Insurance Services 3 DPS' to ensure placement of the required insurances.
- 4.3 The Supplier will provide a comprehensive process to effectively manage, on behalf of HMRC, uninsured loss recovery and Third Party claims handling, including personal injury claims of 3rd parties under the scope of this contract for:
- a) The private mileage element of the HMRC Company Car Scheme including: HMRC Drivers; their nominated Friends & Family; and any replacement Courtesy / Hire cars to cover downtime; and
 - b) Third-Party costs where HMRC Operational vehicles are involved in road traffic accidents on EU Roads.
- 4.4 The required cover is for approximately:
- a) 155 UK based company vehicles for private mileage, which may include EU travel on holidays
 - b) 500 annual hire days for hire / courtesy cars; and
 - c) Official vehicles allocated for EU roads (Driving to Coquelles, France) to perform Customs checks, including 1 HGV.
- 4.5 The Fleet Management Supplier will be the first point of contact for all HMRC vehicle accidents. It is the Fleet Management Supplier that will triage these accidents and contact the Third Party Insurer, but only where there is:
- a) A Third Party involved; and
 - b) The accident happened whilst on either private mileage, or on EU Roads in an official capacity, as per Para 4.3.
- 4.6 All accident management for official vehicles on official business and HMRC claims against Third Parties are covered under HMRC's Fleet Management Contract and therefore out of scope for this contract.
- 4.7 Both the Broker and the appointed Insurer will be expected to work timorously and proactively with HMRC's contracted Fleet Management Company (currently Kinto UK Ltd) and, where necessary, their sub-contracted accident management supplier. The Insurer will be expected to respond to the Fleet Management Company within 5

working days of receipt of an accident report and for any other continued liaison thereafter.

- 4.8 The Supplier shall ensure all aspects relating to the fleet are performed securely, effectively and efficiently, including:
- a) Professional and proactive relationship and seamless transfer of information between the Broker and Insurer and the Fleet Management and sub-contracted accident Management Supplier.
 - b) No un-necessary delay in processing claims and requests.
- 4.8 Where the Insurer attempts further liaison with HMRC's Fleet Management Supplier and / or their sub-contracted Accident Management Company but no response is forthcoming from them within 5 working days, the Insurer should contact HMRC.
- 4.9 The Insurer will be expected to supply HMRC with a quarterly report of Third Party claims cases against HMRC, including all relevant documentation, payments and, where the settlements have not been agreed, an expected timeframe and final cost. Where there is no detail to report, the Insurer should supply a Nil Return.
- 4.10 The Insurer is to retain all relevant documentation on each case for audit purposes in line with legal requirements.
- 4.11 The solution provided must mitigate any risks of compromising HMRC's identity until such times as it is legally required.
- 4.12 Any cases that require notification of HMRC's ownership must have approval by the relevant HMRC Budget Holder, prior to acknowledgement of said ownership.
- 4.13 Throughout the contract the Broker, and appointed insurance provider/s, will be expected to give general advice, consultancy, risk management and profiling services to enable HMRC to target areas of improvement and to reduce costs, where able.
- 4.14 This is to include, but is not restricted to:
- a) Changes in business processes of the Supplier or HMRC and ways of working that would provide cost savings and/or enhanced benefits to HMRC; and
 - b) New or potential improvements to the provision of the claims handling, including the quality, responsiveness, procedures, benchmarking methods, likely performance mechanisms and customer support services.
- 4.15 The Supplier will be expected to contact the HMRC Business Lead with the relevant renewal questionnaire and documentation and obtain any relevant claims history, at least 12 weeks prior to the end of the existing insurance cover.
- 4.16 All quotes and Supplier's recommendations must be provided to HMRC Commercial and Business leads, at least 4 weeks prior to the end of the existing Insurance Policy cover. This will ensure that there is sufficient time for HMRC to decide on the most

suitable and cost effective Policy option. This includes the rationale behind recommendation, or not, of the continuation of the current policy under the LTA.

4.17 The Brokerage and Insuring Services must be invoiced separately by the Broker to HMRC.

4.18 Details of claims made under the current Third-Party Insurance cover for the last 12 months are included in Annex A

5. The Motor Insurance Database (MID)

5.1 The Insurer / Claims Handling Suppliers will not be required to maintain the MID, as this is covered in HMRCs Vehicle Management Contract and out of scope for this tender.

6. Redacted

Annex A

Motor Vehicle Third-Party Insurance Claims within the last 12 months

Accident Date	Amount	Report Date	Description	Type of incident	Type
07/12/2020	£20,905.00	06/01/2021	Collision	Vehicle miscellaneous	MOTOR
07/12/2020	£11,971.00	13/01/2021	Collision	Vehicle miscellaneous	MOTOR
07/12/2020	£5,000.00	12/01/2021	Collision	Vehicle miscellaneous	MOTOR
17/12/2020	£1,249.00	07/01/2021	Collision	Vehicle miscellaneous	MOTOR
27/03/2021	£1 249.00	26/04/2021	Vehicle - emergency - Police	Collision	MOTOR
24/03/2021	0.00	24/03/2021	Hit Third-Party In Rear	Collision	MOTOR