

## **Supplementary document to 11<sup>th</sup> January 2020 BCA Council Meeting**

**Submitted by Howard Jones, Treasurer and Insurance Manager, 5<sup>th</sup> January 2020**

### **Proposal to increase BCA PL cover from £5m to £10m**

#### **Summary:**

Personal experience and recent BMC experience shows that the BCA cover limit of £5m is no longer sufficient. It is proposed to increase to £10m with immediate effect, the cost of which would be some £8,000 per annum or £1.25 per member.

#### **Detail:**

When I was first asked to understudy Nick Williams as insurance manager my first thought was £5m PL cover was insufficient. I wrote a paper for Nick to take to Council. Unfortunately due to illness Nick did not attend and Council rejected my proposal. (It is show at the bottom of this new proposal for information).

Since then BMC have experienced a claim of £9m following an injury at a climbing wall. By far and away the largest element of the claim is the care the injured person will now need for the rest of his life. That said at least the BMC had cover (at £10m) that would respond in full to the claim.

#### **Note from Howdens our Insurance Broker:**

Hi Howard

In reference to our recent conversation, it has always been our opinion that a PL limit of £10m should be considered.

Sometimes when this advice is given people are led to believe a claim of such size would never occur, however we are in the unfortunately situation of currently dealing with a multi-million pound claim.

As your members alluded to, the BMC have increased their members rates due to the increase cost of insurance. Although we are the brokers to the BMC, it is not an account I deal with personally therefore I cannot comment on the numbers, but given the size of the claim I can imagine it is substantial.

The claim in question on the BMC policy is against a club and an individual member. Thankfully the BMC have a large PL limit, having changed their PL limit to £15m in 2018. However the concern raised should be that a claim of this nature could come against a member, like in this instance. The current reserve I believe is just shy of £9m.

Other NGB's who deal in the outdoor sector are seeing large increases in premium as a result of this claim, even though they may have a clean claims experience.

This large claim has shifted the nationwide underwriting approach to outdoor activities. For this reason we feel it would be prudent for the BCA to look at a £10m PL limit. I am of the understanding that a BCA club already have their own excess layer policy in isolation, therefore we are comfortable approaching the same underwriter for a quotation.

I am happy for this correspondence to be passed to members within the Council meeting.

Regards

Mike Farrell, Dip CII, BA Hons.  
Account Executive, Sport, Recreation, Equine and Contingency

### **Original proposal dated September 2018:**

#### **Proposal to increase BCA PL cover from £5m to £10m**

**Public liability insurance** is designed for those who interact with customers or members of the **public**. It protects against claims of personal injury or property damage that a **third party** suffers (or claims to have suffered) as a result of your activities.

BCA has an insurance scheme which has £5m cover for all caving members.

10 years ago £1m PL cover was thought to be sufficient for most purposes, but claims experience has pushed the value ever upwards. My recent work experience was that £5m for 1 incident involving 1 person would have been insufficient (we had £10m cover and have since moved to £20m at minimal extra cost)

We had a 20 year old contractor working in a forest. He was maimed in an incident. Had he been killed the claim would have been circa £2m (40 years lost income at £30k per annum plus inflation and add ons).

However as he was maimed there is a chance that he will need care for the rest of his life, so on top of the above would go the cost of that care. The current reserve for the incident is £6m.

We had pairs of contracts working together regularly so had they both been injured then 2 times £6m would have meant our policy could not respond in full, hence our increase from £10m to £20m. The extra premium cost was 3%, as the underlying risk had not changed.

I would therefore propose BCA gets a quote at PL renewal on 1/1/19 to increase the cover in their policy from £5m to £10m.

Howard Jones 25/9/18