October 2023

## Background

Since 2013 the LMC believes that it has provided an extremely cost effective insurance based indemnity facility, in comparison to competitors, which protects against costs and damages arising from potential Employment Tribunal cases. Initially, cover was guaranteed if insured parties followed advice from the LMC professional HR team and any other supplementary advice provided by our legal advisors.

More recently this simple model has become complex because of our original provider demanding further arbitration around the validity of claims from an external third-party solicitor as part of their business model. As a result, this has led to: -

* a decrease in confidence of the product,
* our losing control of the process,
* unnecessary uncertainty for the Practice/ PCN
* complication in the validation of claims

## Proposal

In the light of the above, we have reviewed the market in conjunction with our legal advisors and have interviewed in detail one particular provider, ALS Albion Ltd, who are authorised and regulated by the FCA (No:310026), and who, as part of their indemnity cover, cuts out the unnecessary third-party arbitration. This model closely reflects our original concept making for smoother communication between ourselves, you as the employer/ claimant, our legal advisor, and the insurance provider.

The indemnity covers employment disputes and all the legal costs, settlement and awards from the ACAS Conciliation notification throughout the Employment Tribunal.

## Model

The model, which we believe fits the original concept we had, offers an umbrella policy between the LMC and ALS Albion Ltd, allowing individual Practices and PCNs to sign up in their own right. The model allows the client, *you*, more control, by allowing you to sign up on a monthly basis, which can be opted out whenever suits, meaning you are not tied into a contract.

## Implications

The existing cost for clients who have signed up to the indemnity in the past, may now vary, although, at first sight, for the majority of Practices, it appears likely that there will be little difference except for the largest employers. ALS Albion Ltd, would cost premiums on the basis of employee numbers, whereas it was patient numbers with our previous provider; as a result, as indicated, the impact on larger employers may be more significant, but the formula appears to offer a more logical basis for assessment in the circumstances.

**Monthly Premiums**

1-15 employees – £25.00 + IPT

16-25 employees - £33.33 + IPT

26-33 employees - £41.67 + IPT

34-49 employees - £50.00 + IPT

50-69 employees - £72.92 + IPT

70-85 employees - £91.25 + IPT

86-100 employees - £115.00 + IPT

101-149 employees – £131.00 + IPT

150-199 employees – £146.00 + IPT (excess £1,000 as opposed to £500)

200-250 employees - £153.00 + IPT (excess £1,000 as opposed to £500)

Above 250 employees – Albion to assess

IPT (insurance premium tax) current rate is at 12%

The above rates are on the basis that the client is claim free, therefore is the client has over 250 employees and/ or the other referral criteria applies (see below) this would need to be referred to Albion for a bespoke quote as the standard rates may not apply.

Referral criteria:-

* Any members who have had an employment dispute in the last three years.
* Any members who have been refused legal expense insurance or had renewal declines or had any special conditions applied.
* Any members who have a known pre-existing cause event or circumstance which may give rise to a claim on this insurance.

The cover options are bespoke if required and you are able to adjust excess or indemnity limit to suit your requirements and manage the monthly premium levels.

## Conclusion

As employers become more embroiled in an increasingly litigious work environment in which employment law is subject to frequent changes, we believe this proposal provides a valuable and cost-effective model for risk management.

The insurance-based indemnity is entirely voluntary and has no impact at all on the right of access Practices and PCNs already have with the specialist ***FREE LMC HR ADVISORY SERVICE***, provided by experienced qualified HR practitioners and backed by expert specialist employment law advisors. For further information about the scope and range of services available please contact Stevie Simpkin, HR Service Lead, at the LMC (see below).

Any Practices/ PCNs wishing to sign up for , or renew, indemnity based insurance cover as provided by the proposed scheme should contact Stevie Simpkin HR Service Lead ([stevie.simpkin@nwlmcs.org](mailto:stevie.simpkin@nwlmcs.org)) at the LMC in the first instance, who will provide the necessary contact details for liaison with ALS Albion Ltd.