

Understanding Insurance Risks Around NHS Buildings and Service Disruption



Richard Wood of Zurich Municipal
—passionate about understanding insurance risks in the NHS

Richard Wood, Head of Housing and Health at insurers Zurich Municipal, is passionate about the need for more finance directors in the NHS to understand the risks around the cost of estate management. He talked to HOSPITAL MANAGEMENT editor John Whelan about how risk expertise and insurance solutions can add real value in testing times.

Sometimes numbers speak louder than words and property and service disruption risks within the NHS are no exception. Some 25 per cent of finance directors from health organisations are unaware of the extent of the cover provided by the official NHS Litigation Authority Property Expenses Scheme. That is shocking enough. Wood tells me the official scheme is capped at £1 million which would hardly be sufficient to cover a major loss running into millions of pounds.

Yet 51 per cent of NHS finance directors fail to take up top-up insurance on their property over and above the official scheme and the £1 million limit. Finally, on the numbers 11 per cent of finance directors think it is highly likely that they will face a financial shortfall

of over £5 million over the next three years. And that would be attributable to a “significant incident” affecting the full use of the trust’s estate.

Going Beyond Traditional Fire and Flood Perils

Wood says the risks go much further than the traditional perils of fire and flood to new threats. These include data loss, business disruption, failure of engineering plant items and reputational damage resulting in loss of income streams. His approach is to offer support to finance directors and estate managers using expertise accumulated by Zurich Municipal over the past 20 years as well as crisis management expertise.

Zurich Municipal offers engineering inspection and property “top up cover” above the NHS Litigation Authority pooling limits to insure against the full

value of buildings and contents as well as business interruption protection. The latter becomes particularly important if a major incident results in closure of patients services, for example, if the site of the incident is a crime scene or a listed building where planning consent would be needed to effect repairs.

Recognising the Impact of Fiscal Austerity

Wood says: “We recognise the pressure the current climate of fiscal austerity imposes on the NHS and clearly caring for patients is a top priority. However, reducing cover on operational and strategic risks could be a false economy. Our aim is to help our customers define and identify their risks and then support them if something goes wrong.”

Zurich Municipal has a team of approximately 200 strategic and operational risk engineers to support customers but the service goes beyond loss adjusting and advice on how to recover from a major incident. Zurich’s major loss or major incident team can provide support for customers in handling media relations as well as producing imaginative solutions to resolve the aftermath of a major incident.

Where does Wood see Zurich Municipal’s journey going in the next five years? Given the engagement the company has with the social housing sector he sees a much closer alignment between health and social care. He mentions the government initiative to give 10 Manchester Councils control over £10 billion of NHS spending in a significant step to devolve power from Whitehall to city regions.

Clearly patients would benefit from more joined up health and social care and this has already happened on a smaller scale to what is proposed for Manchester. Responsibility for ensuring the safeguarding of buildings and other assets through proper risk management and risk transfer insurance programs needs careful consideration. Wood says he sees this as an opportunity but equally as a challenge for insurers such as Zurich Municipal to come up with innovative solutions.

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