

**AGENDA ITEM EXECUTIVE SUMMARY**

Agenda Item number: 4b

Title:

Recommendation to authorize the Finance Director to Execute the Risk Insurance Program Renewal for the Year Beginning December 1, 2017.

Presenter:

Chris Minick, Finance Director

Meeting: Government Operations Committee

Date: November 6, 2017

Proposed Cost: \$612,181

Budgeted Amount: \$ 638,500

Not Budgeted: ☐**Executive Summary** *(if not budgeted please explain):*

The City has retained Assurance Agency as its consultant for the risk insurance program. Assurance took the liability package insurance program to the market soliciting proposals for the renewal year beginning December 1, 2015. The 2015 package featured various minor coverage enhancements at a significant cost savings as compared with the City's prior risk insurance package. Typically, insurance programs are taken to market on a comprehensive basis every 3-4 years. At the City's request, Assurance again marketed and quoted the risk insurance program for the renewal year beginning December 1, 2017.

Several carriers were contacted for price quotes for various pieces of the City's risk insurance program. Assurance did receive several quotes for the program, but there were several carriers who declined to provide quotes because they could not price the City's package competitively.

The total cost quoted for the renewal for the year beginning December 1, 2017 is \$612,181. This compares to a cost of \$587,519 for the 2016 renewal or an overall increase of approximately 4.2%. The primary reasons for the increase are related to the Workers Compensation policy of the City as well as property valuation increases. The premiums for Workers Compensation (WC) are related to total payroll amounts expended and the premium increase for WC corresponds directly to the increase in payrolls between the two insurance years, which translates to a higher exposure for our WC carrier. If the WC increase is factored out, the increase in the cost increase is approximately 2.3%. In addition, the City's property values increased by approximately 2% over the 2016 renewal.

For 2017, the renewal policy coverage limits remain essentially in line with the 2016 package. As with prior years there have been some changes to the flood coverage, primarily in the downtown area proximate to the river. Staff is working with Assurance to address the flood coverage reductions and will be bringing forward a proposal for additional flood coverage for approximately 8 properties at a future date. Other than the flood coverages mentioned, there have been no substantive changes to any of the City's coverage limits, deductibles, or self-insured retention (SIR) amounts.

Travelers has the City's liability package, Chubb has the City's property package and Safety National has the Excess Workers Compensation policy coverage on the City's behalf. All of the carriers have extensive experience in public entity insurance coverage and they remain unchanged from the 2015 and 2016 renewals. Staff is pleased with the renewal as indicated and recommends its approval as presented.

Attachments *(please list):***Premium Summary****Recommendation/Suggested Action** *(briefly explain):*

Recommendation to authorize the Finance Director to Execute the Risk Insurance Program Renewal for the Year Beginning December 1, 2017.

City of St. Charles

Premium *summary*

The following is a summary of the insurance carrier premiums quoted and payment plan options. For comparison purposes, we also included your expiring premiums:

<i>Carrier/AM Best Rating Coverage Payment Plan</i>	<i>Expiring Premium</i>	<i>Renewal Premium</i>
Safety National / A+, XIV Workers' Compensation* Annual Pay Plan / Direct Bill	\$123,235	\$134,412
Chubb / A++, XV Property Annual / Agency Bill	\$175,625	\$184,891
Chubb / A++, XV Inland Marine Annual / Agency Bill	\$7,038	\$7,118
Travelers / A++, XV Crime Annual / Agency Bill	\$1,517	\$1,665
Travelers / A++, XV General Liability* Annual / Agency Bill	\$71,513	\$71,478
Travelers / A++, XV Law Enforcement Liability Annual / Agency Bill	\$28,410	\$29,022
Travelers / A++, XV Public Officials & Employment Practices Liability Annual / Agency Bill	\$44,657	\$48,040
Travelers / A++, XV Automobile Annual / Agency Bill	\$49,551	\$51,913
Travelers / A++, XV Umbrella Annual / Agency Bill	\$65,878	\$62,267
Travelers / A++, XV Cyber Annual / Agency Bill	\$20,095	\$21,375
TOTAL	\$587,519	\$612,181

* Subject to annual audit

Note: Deposit premiums due upon binding.