

**AGENDA ITEM EXECUTIVE SUMMARY**

Agenda Item number: 5b

Title:

Recommendation to Authorize the Finance Director to Execute the Risk Insurance Program Renewal for the Year Beginning December 1, 2016

Presenter:

Chris Minick, Finance Director

Meeting: Government Operations Committee

Date: November 7, 2016

Proposed Cost: \$620,019

Budgeted Amount: \$ 622,000

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

The City retained Assurance Agency as its consultant for the risk insurance program for the 2014-2015 renewal year. Assurance became familiar with City operations and processes and 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.

The cost of the renewal package for the year beginning December 1, 2016 is \$620,019. This compares to a cost of \$594,842 for the 2015 renewal. We have increased flood coverage for our Police Station at an additional premium of \$9,500. If you factor out the coverage enhancement, the renewal increases by approximately \$15,677 or 2.6%.

For 2016, the rates paid for the renewal policies remain essentially in line with the rates quoted for the 2015 package. The City's exposures have increased somewhat, resulting in higher total costs for the package when the rates are applied. Payroll exposures related to the Workers Compensation policy have increased by 2.8% and City property values have increased by 5.2%. Other than the flood coverage noted above, 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 renewal.

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, 2016.

# Premium *summary*

The following is a summary of the insurance carrier premiums quoted and payment plan options:

<b>Carrier/AM Best Rating Coverage Payment Plan</b>	<b>Annualized Expiring Premium</b>	<b>Renewal Premium</b>
Safety National / A+, XIV <b>Workers' Compensation*</b> Annual Pay Plan/ Direct Bill	\$119,906	\$123,235
Chubb / A++, XV <b>Property</b> Annual / Agency Bill	\$165,231	\$175,625
Chubb / A++, XV <b>Inland Marine</b> Annual / Agency Bill	\$6,585	\$7,038
Travelers / A++, XV <b>Crime</b> Annual / Agency Bill	\$1,517	\$1,517
Travelers / A++, XV <b>General Liability*</b> Annual / Agency Bill	\$70,916	\$71,513
Travelers / A++, XV <b>Law Enforcement Liability</b> Annual / Agency Bill	\$24,931	\$28,410
Travelers / A++, XV <b>Public Officials &amp; Employment Practices Liability</b> Annual / Agency Bill	\$42,675	\$44,657
Travelers / A++, XV <b>Automobile</b> Annual / Agency Bill	\$46,811	\$49,551
Travelers / A++, XV <b>Umbrella</b> Annual / Agency Bill	\$64,937	\$65,878
Travelers / A++, XV <b>Cyber</b> Annual / Agency Bill	\$18,833	\$20,095
<b>Agency Service Fee</b> Annual / Agency Bill	\$32,500	\$32,500
<b>Total</b>	<b>\$594,842</b>	<b>\$620,019</b>

\* Subject to annual audit

Note: Deposit premiums due upon binding.