



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item number: 6a

Title:

Recomendation to authorize the Finance Director to execute the risk insurance program renewal for the year beginning December 1, 2019 in the amount of \$671,029.

Presenter:

Chris Minick, Finance Director

Meeting: Government Operations Committee

Date: October 21, 2019

Proposed Cost: \$671,029

Budgeted Amount: \$682,020

Not Budgeted:

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

The City has retained Assurance Agency as its consultant for the risk insurance program. Typically, insurance programs are taken to market on a comprehensive basis every 3-4 years. At the City’s request, Assurance marketed and quoted the risk insurance program for the renewal years beginning December 1, 2015 and December 1, 2017. Because the program was marketed comprehensively for the 2017 renewal, we did not fully market the renewal effective December 1, 2018 or December 1, 2019. We plan to fully market the risk insurance package for the December 1, 2020 renewal in accordance with the normal 3-4 year planned marketing cycle.

The total cost quoted for the renewal for the year beginning December 1, 2019 is \$671,029. This compares to a cost of \$628,496 for the 2018 renewal or an overall increase of approximately 6.76%. Assurance negotiated rate increases of approximately 3% in total for the City’s Risk Insurance package renewal with Traveler’s and Chubb for the 2019 renewal. Based on the rates negotiated, the City’s increase in cost of the insurance package would have been an increase of approximately 3% across all lines if the City’s exposures had been the same as they were in the 2018 renewal. Individual lines of coverage may have seen changes in different amounts, but the overall increase for the entire package would have been 3% had exposures between the 2 years been identical. The majority of the increase in cost of the insurance program is a result of increased exposures and values, particularly in the property insurance and liability package lines of coverage.

Most of the increase in property value exposures is a result of construction of the new Police Station on Main St. The new Police Station building value is now reflected in the property insurance policy and we continue to insure the old Police facility at its full replacement value pending a decision on the disposition of the structures and property.

For 2019, the renewal policy coverage limits remain consistent with the 2018 package; there have been no negative substantive changes to any of the City’s coverage limits, deductibles, or self-insured retention (SIR) amounts. In fact, many coverage limits have been enhanced in the City’s Cyber Liability Policy for the premium levels quoted.

Travelers has the City’s liability package, Chubb has the City’s property package and IPRF has the Workers Compensation policy coverage on the City’s behalf. All of the carriers have extensive experience in public entity insurance coverage. 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, 2019 in the amount of \$671,029.

Premium *summary*

Carrier/AM Best Rating Coverage Payment Plan	Annualized Expiring Premium	Renewal Premium
Travelers / A++, XV General Liability* Agency Bill / Annual Payment	\$73,578	\$76,498
Travelers / A++, XV Law Enforcement Liability Agency Bill/ Annual Payment	\$26,522	\$31,322
Travelers / A++. XV Public Officials & Employment Practices Liability Agency Bill / Annual Payment	\$49,280	\$52,492
Travelers / A++, XV Automobile Agency Bill / Annual Payment	\$55,832	\$59,016
Travelers / A++, XV Umbrella Agency Bill/Annual Payment	\$64,964	\$68,147
Travelers / A++, XV Crime Agency Bill/ Annual Payment	\$1,637	\$1,730
Chubb / A++, XV Property Agency Bill / Annual Payment	\$184,677	\$213,348
Chubb / A++, XV Inland Marine Agency Bill / Annual Payment	\$7,533	\$7,533
IPRF / Not Rated Workers Compensation Direct Bill / Monthly Installments	\$140,531	\$131,728
Corvus / Not Rated Cyber Agency Bill / Annual Payment	\$23,942	\$29,215
Travelers Claim Fund	\$0	\$0
Total Premium	\$628,496	\$671,029

* Subject to annual audit

Note: Deposit premiums due upon binding.

Assurance Agency Annual Service Fee of \$32,500 is billed in 2 semi-annual installments.

The first installment of \$16,250 was billed June 2019.

The second installment will be billed December 2019 at \$16,250 minus