


COUNCIL COMMUNICATION

	Number:	19-273	Meeting:	June 24, 2019
	Agenda Item:	35	Roll Call:	19-1010
	Submitted by:	Bob Fagen, Finance Director		

AGENDA HEADING:

Annual insurance renewal for July 1, 2019/20 – Property and Casualty Insurance.

SYNOPSIS:

Authorization to purchase insurance coverage for property insurance, automobile liability insurance for enterprise funds, crime insurance, hazardous materials/mutual aid occupational injury insurance, excess workers compensation insurance, National Flood Insurance Program, and cyber liability insurance.

The total quoted premium, excluding broker fee, for the July 1, 2019 to 2020 renewal of these insurance coverages is \$1,293,041. This is a decrease of \$2,777 from 2018/19 insurance costs. Staff recommends approval of the 2020 Schedule of Insurance, which is below.

FISCAL IMPACT:

Amount: \$1,293,041

Funding Source: Fiscal Year 2020 Operating Budget:

- Tort Fund – Tort Liability G005 ND405645, Page 98.
- Parking Operations Fund – Traffic and Transportation Parking Administration E051 EG062085, Page 77.
- Solid Waste Operations Fund – Solid Waste Collection E151 PW250430, Page 225.
- Solid Waste Operations Fund – Curbside Recycling E151 PW250432, Page 226.
- Sanitary & Storm Sewer Maintenance Fund – E101 PW247411 & E301 PW247413, Page 219 and 228.
- Des Moines Public Housing Agency Fund – Housing Services – Public Housing S350 HS120130, Page 122.
- Special Revenue Funds – Other Employee Benefits S451 ND405649, Page 132.

ADDITIONAL INFORMATION:

1. Property Insurance – Alliant Insurance Services submitted a property insurance quote of \$463,522, which is a decrease of \$45,394 from the expiring premium. This policy includes flood coverage in Zones other than A or V, up to \$5,000,000 with a \$250,000 deductible. The

flood deductible is partially offset by the purchase of National Flood Insurance at certain high-risk locations that have sustained flood losses in prior years (see item #6).

2. Crime Insurance – Travelers submitted a premium renewal quote of \$18,789, which is an increase of \$87 compared to prior year. This policy covers potential losses due to Employee Theft, Forgery, Robbery, Computer Fraud, etc.
3. Enterprise Fund Automobile Liability Insurance – Travelers submitted a premium renewal quote of \$110,638 which is an increase of \$23,041 compared to the premium last year. The increase is due to a higher number of units covered under this policy (including HazMat response vehicles) as well as adverse loss experience. This policy for Automobile Liability insurance covers Solid Waste Collection and Recycling, Sanitary Sewers, Storm Water Utility, and Housing Services vehicles.
4. Excess Liability Insurance – Allied World submitted a quote of \$190,457, which is an increase of \$9,535 compared to the prior year expiring policy. This policy provides a per occurrence and aggregate policy limit of \$10 million for General Liability, Auto Liability, Law Enforcement Liability, and Public Officials Liability. Outside of Public Housing, which maintains a \$1,000,000 self-insured retention, the City’s self-insured retention under this policy remains at \$2,000,000.
5. Excess Workers’ Compensation Insurance – Safety National submitted a premium renewal quote option of \$366,195, which is an increase of \$7,954 compared to the expiring policy. Estimated payrolls for the City are up 5.0% this year while the rate per estimated payroll decreased slightly. The City purchases Excess Workers’ Compensation Insurance to cover employee occupational injuries that exceed the City’s current self-insured retention of \$1,250,000. This policy covers the indemnity (present and future lost wages) and medical expenses related to occupational injuries incurred by City employees. Only medical expenses are covered for Police and Fire personnel because their indemnity expenses are covered under Chapter 411 of the Code of Iowa by the Municipal Fire & Police Retirement System of Iowa.
6. National Flood Insurance – The City purchases flood insurance through the National Flood Insurance Program (NFIP). The renewal quote for this year is \$57,915. This is an increase of \$1,691 compared to the expiring policy. To remain FEMA reimbursement eligible, flood insurance is required on the Animal Shelter, Birdland Aquatic Center, the Birdland Aquatic Center Filter Building, City Hall, the Armory and Principal Park. At most locations, the limit is the maximum coverage available under the NFIP, \$500,000 for each building and \$500,000 at each location for contents.
7. HazMat/Mutual Aid Workers’ Compensation Insurance – The renewal quote for this coverage is \$44,620, which is an increase from the expiring policy of \$309. The distinction between the HazMat/Mutual Aid Occupational Injury Insurance policies and the Excess Workers’ Compensation Insurance policy described above is that the HazMat/Mutual Aid Insurance covers Fire Department personnel during a response to mutual aid requests. This coverage extends from the time Fire Department personnel leave their station to the time they return. This policy is intended to cover the \$1,250,000 self-insured retention included in the Excess Workers’ Compensation policy. The cost of this coverage is apportioned to those counties having HazMat Services 28E Agreements with the City. Therefore, this coverage is cost-neutral to the City.

8. Cyber Liability Coverage – CFC Underwriters submitted a cyber liability premium quote of \$40,905 for this year, which is the same as the prior year’s premium. This coverage includes access to incident response experts as well as coverage for costs related to recovering data and bringing systems back online.

Staff’s Recommendation – Council approval of the following Schedule of Insurance and insurance carriers:

Schedule of Insurance:	FY 17-18	FY 18-19	FY 19-20	Change FY19 to FY20
Property Insurance	\$ 472,999	\$ 508,916	\$ 463,522	\$ (45,394)
<i>Alliant Insurance Services, Inc.</i>				
Crime Insurance	18,500	18,702	18,789	87
<i>Travelers Insurance Co</i>				
Auto Liability Insurance	67,355	87,597	110,638	23,041
<i>Travelers Insurance Co</i>				
Excess Liability Insurance	174,235	180,922	190,457	9,535
<i>Allied World</i>				
Excess Workers' Compensation Insurance	389,204	358,241	366,195	7,954
<i>Safety National Casualty Corp</i>				
Flood Insurance	54,452	56,224	57,915	1,691
<i>National Flood Insurance Program</i>				
HazMat/Mutual Aid	38,107	44,311	44,620	309
<i>VFIS, Chartis, Mutual of Omaha</i>				
Cyber Liability Insurance	N/A	40,905	40,905	-
<i>CFC Underwriters</i>				
Totals	\$ 1,214,852	\$ 1,295,818	\$ 1,293,041	(2,777)

PREVIOUS COUNCIL ACTION(S):

Date: June 25, 2018

Roll Call Number: [18-1088](#)

Action: [Annual](#) insurance renewal for July 1, 2018 (Fiscal Year 2018/2019) – Property and Casualty Insurance. ([Council Communication No. 18-310](#)) Moved by Coleman to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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