


COUNCIL COMMUNICATION

	Number:	24-252	Meeting:	June 17, 2024
	Agenda Item:	39	Roll Call:	24-0891
	Submitted by:	Nickolas Schaul, Finance Director		

AGENDA HEADING:

Annual insurance renewal for July 1, 2024, (Fiscal Year {FY} 2024/2025) for property, casualty, and other City operations.

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 (NFIP), and cyber liability insurance.

The total quoted premium for the July 1, 2024, to June 30, 2025, renewal of these insurance coverages is \$3,093,390. This is an increase of \$522,322 from 2023/2024 insurance costs. This increase is primarily due to industry-wide increases in property insurance rates as well as the addition of significant new buildings by the City. Staff recommends approval of the 2025 Schedule of Insurance, which is below.

FISCAL IMPACT:

Amount: \$3,100,000

Funding Source: FY 2025 Operating Budget:

- Tort Fund – Tort Liability, G005, ND405645, Page 72
- Parking Operations Fund – Traffic and Transportation Parking Administration, E051, EG062085, Page 52
- Solid Waste Operations Fund – Solid Waste Collection, E151, PW250430, Page 203
- Solid Waste Operations Fund – Curbside Recycling, E151, PW250432, Page 204
- Sanitary & Storm Sewer Maintenance Fund – E101, PW247411, & E301, PW247413, Page 197 and 198
- Des Moines Public Housing Agency Fund – Housing Services – Public Housing S350, HS120130, Page 98
- Special Revenue Funds – Other Employee Benefits, S451, ND405649, Page 106

ADDITIONAL INFORMATION:

- Property Insurance – Alliant Insurance Services submitted a property insurance quote of \$1,823,592, which is an increase of \$424,244 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 bullet point below National Flood Insurance).
- Crime Insurance – Travelers Insurance submitted a premium renewal quote of \$18,875, which is an increase of \$950 compared to the prior year. This policy covers potential losses due to employee theft, forgery, robbery, computer fraud, etc.
- Enterprise Fund Automobile Liability Insurance – Travelers Insurance submitted a premium renewal quote of \$162,765 which is an increase of \$15,680 compared to the premium last year. This policy for Automobile Liability insurance covers Solid Waste Collection and Recycling, Sanitary Sewers, Storm Water Utility, and Housing Services vehicles.
- Excess Liability Insurance – States Self-Insurers Risk Retention Group, Inc. submitted a quote of \$376,231, which is a decrease of \$50,542 compared to the prior year's expiring policy. This policy provides a per occurrence limit of \$10,000,000 and an aggregate policy limit of \$20,000,000 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 is \$2,000,000.
- Excess Workers' Compensation Insurance – Safety National submitted a premium renewal quote option of \$520,050, which is an increase of \$25,280 compared to the expiring policy. The City purchases Excess Workers' Compensation Insurance to cover employee occupational injuries that exceed the City's current self-insured retention of \$1,500,000. This policy covers 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.
- National Flood Insurance – The City purchases flood insurance through the NFIP. The renewal quote for this year is \$18,706. This is a decrease of \$932 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.
- HazMat/Mutual Aid Workers' Compensation Insurance – The renewal quote for this coverage came in at \$46,195. This is an increase of \$1,540 over the prior FY. This coverage extends from the time Fire Department personnel leave their station to the time they return. This policy is intended to cover most of the \$1,500,000 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.

- Cyber Liability Coverage – CFC Underwriting Ltd is expected to submit a cyber liability premium quote of \$126,976 for the upcoming year, which would be an increase of \$5,018 from the prior year's premium. The City's broker is going to market for additional comparable rates to ensure this is the result of market factors. This coverage includes access to incident response experts as well as coverage for costs related to recovering data and bringing systems back online.

PREVIOUS COUNCIL ACTION(S):

Date: July 17, 2023

Roll Call Number: [23-1017](#)

Action: [Annual](#) insurance renewal for July 1, 2023, (FY 2023/2024) for property, casualty, and other City operations. ([Council Communication No. 23-329](#)) Moved by Gatto to adopt. Second by Boesen. Motion Carried 6-1. Absent: Sheumaker.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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