

**MEMORANDUM**

**DATE:** October 4, 2017

**TO:** William Stowe, CEO & General Manager  
Peggy Freese, Director of Finance

**FROM:** Donna Heckman, Senior Financial Analyst

**SUBJECT:** 2018 Corporate Insurance Renewals

Earlier this year, our corporate insurance broker, Arthur J. Gallagher Risk Management Services (AJG), began getting quotes for the November 1, 2017 renewals. We are seeing an increase of \$43,220 in total premium expense for the 2018 renewal. Attached is the premium summary comparing expiring and renewal rates.

**Property:** The change in the 2018 renewal for Property was a premium increase of 3.00%. The premium from Travelers remained flat on our renewal, however our total insured property value increased slightly. Our total premium increased from \$263,316 to \$271,215.

**General Liability:** Renewal premiums from OneBeacon are 5.34% higher than 2017. General Liability premiums are based upon estimated payroll, which is estimated to increase in 2018. The Automobile Liability policy is based upon number of vehicles owned by DMWW. Since the General Liability, Umbrella & Auto policies are generally bundled, below represents the total expiring and renewing premiums:

	<u>Expiring</u>	<u>Renewal</u>
General Liability	\$234,882	\$248,975
Umbrella		
1st Layer	73,632	78,050
2nd Layer	90,355	93,125
3rd Layer	20,235	21,100
Automobile	33,483	35,492
	<u>\$452,587</u>	<u>\$476,742</u>

**Workers Compensation:** Beginning January 1, 2014, we switched to self-insuring for Workers Compensation. While we have not been given quotes for our 2018 Excess Workers Compensation policy, we expect there to be about a 6% increase. This policy protects DMWW

against catastrophic losses. Our total premium for the excess policy is expected to go from \$61,188 to approximately \$65,000. Another component of Workers Compensation is the amount paid to our third party administrator, Cottingham & Butler. This annual cost is expected to remain flat at \$9,500 per year. The final piece of our Workers Compensation costs are the claims themselves. These amounts are budgeted in the Corporate Insurance Work Plan and are expenses paid out of pocket by DMWW.

All of our other premiums remained fairly flat for the November 1, 2017 renewal. The total cost of renewing our coverage will increase from \$883,993 (for 2017) to \$927,213.

**Board of Water Works Trustees of the City of Des Moines**  
**Market Premium Summary**  
**Policy Period: 11/1/2017 - 2018**

<b>Coverage</b>	<b>Recommendation</b>	<b>Recommendation</b>
	<b>2016-2017</b>	<b>2017-2018</b>
<b>Property</b>	<b>Travelers</b>	<b>Travelers</b>
Blanket Property Limit	\$393,889,190	\$398,803,861
Blanket Business Income	\$15,000,000	\$15,000,000
Flood Limit	\$5M / \$10M (varies by loc)	\$5M / \$10M (varies by loc)
Earthquake Limit	\$15,000,000	\$15,000,000
Flood Deductible	\$250,000	\$250,000
Earthquake Deductible	\$250,000	\$250,000
Deductible-All Other	\$100,000	\$100,000
Terrorism	Included	Included
Average Rate	0.064398	0.065542
Total Premium	\$263,316	\$271,215
Commission 0%	\$0	\$0
<b>Inland Marine</b>	<b>Travelers</b>	<b>Travelers</b>
Scheduled Equipment	\$1,263,794	\$1,373,000
Leased or Rented Items	\$125,000	\$125,000
Deductible	\$5,000	\$5,000
EDP Floater:		
Equipment Limit	\$2,900,000	\$2,900,000
Data/Media Limit	N/A	N/A
Extra Expense & Business Income	\$360,000	\$360,000
Flood and Earthquake Limit	\$2,000,000	\$2,000,000
Deductible	\$5,000	\$5,000
Flood and Earthquake Deductible	\$25,000	\$25,000
Total Premium	\$9,845	\$9,986
Commission 0%	\$0	\$0
<b>Crime</b>	<b>Travelers</b>	<b>Travelers</b>
Employee Dishonesty	\$1,000,000	\$1,000,000
Deductible	\$5,000	\$5,000
Annual Premium (3 year term - 2017/2020)	\$3,074	\$3,074
Commission 0%	\$0	\$0

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<b>Coverage</b>	<b>Recommendation</b>	<b>Recommendation</b>
	<b>2016-2017</b>	<b>2017-2018</b>
<b>General Liability</b>	<b>OneBeacon</b>	<b>OneBeacon</b>
General Aggregate	\$2,000,000	\$2,000,000
Products CoOps Limit Aggregate	\$2,000,000	\$2,000,000
Occurrence Limit	\$1,000,000	\$1,000,000
Personal & Advertising Injury	\$1,000,000	\$1,000,000
Damage to Premises Rented to You	\$300,000	\$300,000
Medical Expense (Any one Person)	Excluded	Excluded
Deductible - BI & PD	\$25,000 each occurrence	\$25,000 each occurrence
Employee Benefit Occurrence	\$1,000,000	\$1,000,000
Employee Benefit Aggregate	\$3,000,000	\$3,000,000
Employee Benefit Deductible	\$1,000	\$1,000
Total Premium	\$234,882	\$248,975
Commission 0%	\$0	\$0
<b>Automobile</b>	<b>OneBeacon</b>	<b>OneBeacon</b>
Automobile Limit	\$1,000,000	\$1,000,000
Retained Limit/ Deductible	N/A	N/A
Uninsured/Underinsured Motorist Limit	\$1,000,000	\$1,000,000
Total # of units	95	95
Total Premium	\$33,483	\$35,492
Commission 0%	\$0	\$0
<b>Umbrella</b>	<b>OneBeacon</b>	<b>OneBeacon</b>
Limits of Liability	\$10,000,000	\$10,000,000
Retention Limit		
Total Premium	\$73,632	\$78,050
Commission 0%	\$0	\$0

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	<b>2016-2017</b>	<b>2017-2018</b>
<b>2nd Layer Umbrella Liability</b>	<b>Great American</b>	<b>Great American</b>
Limit of Liability	\$25,000,000	\$25,000,000
Retention	\$10,000,000	\$10,000,000
Premium	\$88,693	\$88,693
Surplus Lines Tax	\$0	\$0
Total Premium	\$88,693	\$93,125
Commission 0%	\$0	\$0
<b>3rd Layer Umbrella Liability</b>	<b>Torus</b>	<b>Torus</b>
Limit of Liability	\$15,000,000	\$15,000,000
Retention	\$35,000,000	\$35,000,000
Total Premium	\$20,090	\$21,100
Commission 0%	\$0	\$0
<b>D&amp;O/Employment Practices Liability (est for F&amp;A)</b>	<b>Cincinnati</b>	<b>Cincinnati</b>
Directors & Officers Liability	\$10,000,000	\$10,000,000
Deductible	\$50,000	\$50,000
Employment Practices Liability	\$10,000,000	\$10,000,000
Deductible	\$50,000	\$50,000
Aggregate Limit	\$10,000,000	\$10,000,000
Fiduciary Liability	\$2,000,000	\$2,000,000
Deductible	\$0	\$0
Total Premium	\$40,788	\$44,867
Commission 1%	\$409	\$409
<b>Cyber Liability</b>	<b>Chartis</b>	<b>Chartis</b>
Limit of Liability	\$1,000,000	\$1,000,000
Retention	\$25,000	\$25,000
Total Premium	\$14,142	\$14,142
Commission 15%	\$2,031	\$2,031
<b>Flood - 2201 George Flagg Pkwy - Barn</b>	<b>Selective</b>	<b>Selective</b>
Building Limit	\$200,000	\$200,000
Contents Limit	\$10,000	\$10,000

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	<b>2016-2017</b>	<b>2017-2018</b>
Retention	\$2,000	\$2,000
Total Premium	\$3,224	\$3,936
Commission 15%	\$484	\$590
<b>Flood - 2201 George Flagg Pkwy - Maintenance</b>	<b>Selective</b>	<b>Selective</b>
Building Limit	\$100,000	\$100,000
Contents Limit	\$20,000	\$20,000
Retention	\$1,500	\$1,500
Total Premium	\$2,060	\$2,480
Commission 15%	\$309	\$372
<b>Flood - 2201 George Flagg Pkwy</b>	<b>Selective</b>	<b>Selective</b>
Building Limit	\$500,000	\$500,000
Contents Limit	\$500,000	\$500,000
Retention	\$1,250	\$1,250
Total Premium	\$3,268	\$3,463
Commission 15%	\$490	\$519
<b>Workers Compensation</b>	<b>Various</b>	<b>Various</b>
Excess Liability Policy - MECC (2018 Renewal is estimated)	\$61,188	\$65,000
Third Party Administrator - Cottingham & Butler	\$9,500	\$9,500
Total Premium/Expense	\$70,688	\$74,500

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	<b>2016-2017</b>	<b>2017-2018</b>
<b>Premium</b>	<b>Recommendation</b>	<b>Recommendation</b>
	<b>2016-2017</b>	<b>2016-2017</b>
COMBINED PREMIUMS	\$861,185	\$904,405
BROKER SERVICE FEE	\$24,500	\$24,500
Less Commission Received	-\$1,692	-\$1,692
Total Cost	\$883,993	\$927,213
	Excluding Workers' Comp Claims	Excluding Workers' Comp Claims