



**AGENDA ITEM FORM**

**SUBJECT: 2018 Corporate Insurance**

**SUMMARY:**

The renewal date for corporate insurance policies is November 1, 2017. The total premium cost and agency fees for the current and renewal programs are summarized below:

	<u>Current</u>	<u>Renewal</u>
• Property/Boiler & Machinery	\$263,316	\$266,363
• Inland Marine	9,845	9,845
• Flood	8,552	9,879
• Crime	3,074	3,074
• General Liability	234,882	255,375
• Auto Liability	33,483	35,132
• Umbrella Liability	182,415	192,078
• D & O/Employment Practices Liability*	40,788	44,867
• Cyber Liability	14,142	14,142
• Workers Compensation**	70,688	74,500
• Broker Service Fee	24,500	24,500
• Less Commission Received	<u>(1,692)</u>	<u>(1,692)</u>
Total Cost	\$883,993	\$928,063

\*Working on final quote with new carrier  
\*\*Estimated for the 1/1/2017 renewal

**FISCAL IMPACT:**

\$966,500 has been budgeted in the Financial Services work plan of the 2018 budget. Total in this work plan is \$1,267,351 which includes workers compensation claims and other related expenses.

**RECOMMENDED ACTION:**

Accept insurance program renewal submitted by Arthur J. Gallagher Risk Management Services, Inc.

**BOARD REQUIRED ACTION:**

Motion to accept insurance program renewal submitted by Arthur J. Gallagher Risk Management Services, Inc.

_____ / _____ Donna Heckman (date) Sr. Financial Analyst	_____ / _____ Peggy Freese, CPA (date) Chief Financial Officer	_____ / _____ Ted Corrigan, P.E. (date) Chief Operating Officer
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Attachments: Memo from Donna Heckman, Sr. Financial Analyst; spreadsheet showing recommendation from AJG.

**MEMORANDUM**

DATE: October 17, 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 \$44,070 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 2.00%. 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 \$266,363.

**General Liability:** Renewal premiums from OneBeacon are 6.6% 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	\$255,375
Umbrella		
1st Layer	73,632	75,390
2nd Layer	90,355	90,000
3rd Layer	20,235	26,688
Automobile	33,483	35,132
	<u>\$452,587</u>	<u>\$482,585</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 \$928,063.

**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	0.064369
Total Premium	\$263,316	\$266,363
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	\$9,845
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	\$255,375
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	\$35,132
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	\$75,390
Commission 0%	\$0	\$0

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<b>Coverage</b>	<b>Recommendation</b>	
	<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	\$90,000
Commission 0%	\$0	\$0
<b>3rd Layer Umbrella Liability - Estimated</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	\$26,688
Commission 0%	\$0	\$0
<b>D&amp;O/Employment Practices Liability - Estimated</b>	<b>Cincinnati</b>	<b>TBD</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>Coverage</b>	<b>Recommendation</b>	<b>Recommendation</b>
	<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

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

Coverage	Recommendation	Recommendation
	2016-2017	2017-2018
Premium	Recommendation	Recommendation
	2016-2017	2016-2017
COMBINED PREMIUMS	\$861,185	\$905,255
BROKER SERVICE FEE	\$24,500	\$24,500
Less Commission Received	-\$1,692	-\$1,692
Total Cost	\$883,993	\$928,063
	Excluding Workers' Comp Claims	Excluding Workers' Comp Claims