

MEMORANDUM

DATE: October 1, 2019

TO: Ted Corrigan, CEO & General Manager
Peggy Freese, CFO

FROM: Donna Heckman, Senior Financial Analyst

SUBJECT: 2020 Corporate Insurance Renewals

Earlier this year, our corporate insurance broker, LMC Insurance & Risk Management began getting quotes for our November 1, 2019 renewals. We are seeing an increase of \$56,547 in total premium expense for the 2020 renewal. Attached is the premium summary comparing expiring and renewal rates.

Property & General Liability: The change for the Property renewal was an increase of just over 2%. The premium from Cincinnati remained flat on our renewal, however our total insured property value increased slightly. General Liability premiums are based upon estimated payroll, which is estimated to increase in 2020. The Automobile Liability policy is based upon number of vehicles owned by DMWW. This number increased in 2019. Since all of these policies have been bundled with Cincinnati as the carrier, the chart below represents the total expiring and renewing premiums.

	Expiring	Renewal
Property	\$206,903	\$211,822
Inland Marine	13,801	18,495
General Liability	244,563	264,626
Automobile	47,144	51,994
Terrorism Premium	6,841	7,295
	<u>\$519,252</u>	<u>\$554,232</u>

Fiduciary Liability: We are proposing an increase in the Limit of Liability for our Fiduciary Liability policy. This policy covers civil damages and legal fees arising from lawsuits against pension benefit administrators. The cost increase for an additional \$1 million in coverage is \$973.00. The total premium will increase from \$4,750 to \$5,723.

Cyber Liability: For the 2020 renewal, we looked at benchmarking how much coverage we should maintain for Cyber Liability. Our current coverage is for \$1,000,000. LMC recommends working our way up to \$10,000,000 in coverage to cover more risk. However, we will need to do this over time, as insurers would likely be reluctant to provide a quote on such a large jump in coverage in one year. Because the market is very competitive right now, LMC has suggested increasing our coverage to \$5,000,000, with a \$50,000 retention. While we are increasing our coverage 500%, the cost increases less than 200%. The premium will increase from \$12,172 (2019) to \$23,301.

Workers Compensation: Beginning January 1, 2014, we began self-insuring for Workers Compensation. In 2018, we obtained two-year pricing from MECC for our excess liability policy. This policy protects DMWW against catastrophic losses. 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.

The total cost of renewing our coverage will increase from \$918,068 (for 2019) to \$974,615.

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Market Premium Summary

Policy Period: 11/1/2019 - 2020

Coverage	Expiring	Proposed
	2018-2019	2019-2020
Property	Cincinnati	Cincinnati
Blanket Property Limit	\$397,803,861	\$409,342,567
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	0.046300	0.046300
Total Premium	\$206,903	\$211,822
Commission	(\$1,914)	(\$1,964)
Inland Marine	Cincinnati	Cincinnati
Scheduled Equipment	\$1,373,000	\$1,837,515
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
Total Premium	\$13,801	\$18,495
Commission	(\$138)	(\$185)
General Liability	Cincinnati	Cincinnati
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	\$500,000	\$500,000
Medical Expense (Any one Person)	\$10,000	\$10,000
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	\$244,563	\$264,626
Commission	(\$2,446)	(\$2,646)
Automobile	Cincinnati	Cincinnati
Automobile Limit	\$2,000,000	\$2,000,000
Retained Limit/ Deductible	N/A	N/A
Total # of units	97	98
Total Premium	\$47,144	\$51,994
Commission	(\$471)	(\$520)
Package Terrorism Premium	\$6,841	\$7,295
	\$519,252	\$554,232
Umbrella	AIG	AIG
Limits of Liability	\$10,000,000	\$10,000,000
Retention Limit	\$10,000	\$10,000
Total Premium	\$113,032	\$122,271

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Market Premium Summary

Policy Period: 11/1/2019 - 2020

Coverage	Expiring	Proposed
	2018-2019	2019-2020
2nd Layer Umbrella Liability	Great American	Great American
Limit of Liability	\$25,000,000	\$15,000,000
Retention	\$10,000,000	\$10,000,000
Total Premium	\$85,000	\$62,000
3rd Layer Umbrella Liability - Estimated	Liberty Mutual	Westchester Fire
Limit of Liability	\$15,000,000	\$25,000,000
Retention	\$35,000,000	\$25,000,000
Total Premium	\$30,300	\$52,500
Crime	Travelers	Travelers
Employee Dishonesty	\$1,000,000	\$1,000,000
Deductible	\$5,000	\$5,000
Annual Premium (3 year term - 2017/2020)	\$3,074	\$3,074
D&O/Employment Practices Liability	Chubb	Chubb
Directors & Officers Liability	\$5,000,000	\$5,000,000
Deductible	\$50,000	\$50,000
Employment Practices Liability	\$5,000,000	\$5,000,000
Deductible	\$100,000	\$100,000
Aggregate Limit	\$5,000,000	\$5,000,000
Total Premium	\$27,657	\$28,484
Excess D&O/Employment Practices Liability	RSUI	RSUI
Directors & Officers Liability	\$5,000,000	\$5,000,000
Deductible		
Total Premium	\$17,709	\$18,224
Fiduciary Liability	Travelers	Travelers
Fiduciary Liability Limit of Liability	\$2,000,000	\$3,000,000
Settlement Program Limit of Liability	\$250,000	\$250,000
HIPAA Limit of Liability	\$1,000,000	\$1,000,000
Deductible	\$0	\$0
Total Premium	\$4,750	\$5,723
Commission	(\$48)	(\$57)
Cyber Liability	AIG	AIG
Limit of Liability	\$1,000,000	\$5,000,000
Notification	500,000 people	500,000 people
Retention	\$25,000	\$50,000
Total Premium	\$12,172	\$23,301
Commission	(\$1,826)	(\$3,495)
Flood - 2201 George Flagg Pkwy - Barn	Selective	Selective
Building Limit	\$200,000	\$200,000
Contents Limit	\$10,000	\$10,000
Retention	\$2,000	\$2,000
Total Premium	\$4,838	\$5,933
Flood - 2201 George Flagg Pkwy - Maintenance	Selective	Selective
Building Limit	\$100,000	\$100,000
Contents Limit	\$20,000	\$20,000
Retention	\$1,500	\$1,500
Total Premium	\$3,016	\$3,657

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Market Premium Summary

Policy Period: 11/1/2019 - 2020

	Expiring	Proposed
Coverage	2018-2019	2019-2020
Flood - 2201 George Flagg Pkwy	Selective	Selective
Building Limit	\$500,000	\$500,000
Contents Limit	\$500,000	\$500,000
Retention	\$1,250	\$1,250
Total Premium	\$3,606	\$3,578
Workers Compensation	Various	Various
Excess Liability Policy - MECC	\$76,005	\$76,005
Third Party Administrator - Cottingham & Butler	\$9,500	\$9,500
Work Comp Claims		
Total Premium/Expense	\$85,505	\$85,505
COMBINED PREMIUMS	\$909,911	\$968,482
BROKER SERVICE FEE	\$15,000	\$15,000
Less Commission Paid to Broker	-\$6,843	-\$8,867
Total Insurance Premiums & Fees	\$918,068	\$974,615
Work Comp Claims & Administration (Est)	\$309,500	\$300,000
Total Insurance - Including Work Comp	\$1,227,568	\$1,274,615
Total Corporate Insurance Budgeted	\$1,261,500	\$1,271,500