

**Memorandum
Human Resources Department**



To: Thomas Thomas, City Manager
Subject: Self Insurance Program for 2016/2017
Date: April 27, 2016

Arthur J Gallagher shopped the market and requested formal bids from several insurance companies for the renewal period of May 1, 2016 to May 1, 2017. Arthur J Gallagher has recommended Britt/Lloyds of London Company for liability and the continuation of Midwest Claims Service for liability claims in excess of \$100,000. The City will stay with Selective Insurance for property insurance. Overall the increase cost for insurance is less than .5% and Britt/Lloyds of London Company will continue to offer a \$5,000 Loss Control Grant that can be used by the City for safety training.

The City's catastrophic coverage for the upcoming year will be:

- The specific general liability stop loss will remain at \$100,000 with a maximum \$1,000,000 per occurrence. Umbrella coverage will provide additional coverage to \$4,000,000.
- Property coverage will continue with Selective Insurance at the same \$200,000 deductible per occurrence.
- Excess workers compensation coverage, deductible:
 - Police, Fire and EMT's current retention will remain at \$650,000
 - USL&H current retention will remain at \$750,000
 - All other staff current retention will be held at \$600,000
- The property coverage package will also maintain coverage against casino revenue losses (tax and fee revenue) caused by a calamity to the casino such as a fire or other potential losses covered under the city's insurance policy.

The chart below illustrates the fees associated with last year's coverage in comparison to this year's renewal coverage:

	<u>2015/2016</u>	<u>2016/2017</u>
Property	\$ 66,066	\$ 63,301
Inland Marine	\$ 60,193	\$ 61,735
Equipment Breakdown	\$ 8,100	\$ 8,794
Marina Liability	\$ 13,025	\$ 11,380
Public Risk Liability	\$ 158,640	\$ 158,640
Liquor Liability	Included	Included
Auto	Included	Included
Crime	Included	Included
Umbrella	Included	Included
Work Comp	\$ 68,230	\$ 70,543
Total	\$ 374,264	\$ 375,393

RECOMMENDATION: Human Resources recommends City Council approve the self-insurance package recommended by Arthur J Gallagher and third party administration services. Human Resources recommend City Council approves payment to Arthur J Gallagher in the amount of \$375,393 for the insurance renewals.

Vendor	Arthur J Gallagher	
Payment Amount	\$375,393.00	
Requisition Number		
Fund	621	Self Insurance
Division	157133	Insurance
Cost Center	53601	General Liability
Object Class	0000000	Insurance Premium

Submitted by: John Thorson, Human Resource Director
Patrick Doherty, Risk Manager

Approved by: Thomas Thomas, City Manager