



MEMORANDUM

Date: February 15, 2012

To: Administration Committee

From: Pamela A. Captain, City Attorney

RE: Underground Storage Tanks (UST) Insurance (RENEWAL)

For your consideration attached is a summary of quotations for UST insurance coverage. You may recall that according to federal regulations cities must demonstrate financial ability in the case of a leak. In the past the City of Menasha relied on its bond rating to demonstrate financial ability. At this time we are not able to rely upon our bond rating. Last year the Administration Committee recommended and the Common Council approved taking out UST insurance in order to be compliant with federal regulations.

We are looking for approval to renew the City's UST insurance coverage. If anyone is interested in reviewing the complete proposal it is available in the City's clerk office. We requested our insurance broker, through CVMIC, to seek quotations. Two of the four companies which provide UST insurance declined to submit a quotation due to the marina's exposure. We have two company quotations from which to choose.

SAMPLE MOTIONS:

1. To approve the renewal of the UST insurance coverage accepting the quotation of Liberty Surplus Ins. Corp. for
 - a. 1 year in the amount of \$4,052.83 or
 - b. the term 3/10/2012 to 12/31/2012 in the amount of \$3,306.83
2. To approve the UST insurance coverage accepting the quotation of ACE American Ins. Co. for 1 year in the amount of \$3,528.00.

**CITY OF MENASHA
SUMMARY OF UST QUOTATIONS
2012 - 2013**

	2011-2012	2012-2013	2012-2013
Carriers	Liberty Surplus Ins. Corp.	Liberty Surplus Ins. Corp.	ACE American Ins. Co.
	<i>Incumbent</i>	<i>Incumbent</i>	<i>Alternative</i>
	Non-Admitted	Non-Admitted	Admitted
Policy Period:	1 year	1 year	1 year
Best's Rating	A XV	A XV	A+ XV
Policy Form	Claims-made	Claims-made	Claims-Made
Number of Tanks	4	4	4
Limit of Liability			
Each Accident	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Aggregate Limit	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Aggregate Claims Expense Limit	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Deductible - Each Accident	\$ 25,000	\$ 25,000	\$ 25,000
Retroactive Date	3/1/11	3/1/11	3/1/11
Annual Premium	\$ 3,545.00	\$ 3,844.00	\$ 3,528.00
WI Surplus Lines Tax (3%)	\$ 106.35	\$ 115.32	N/A
Terrorism Premium	\$ 106.00	\$ 93.51	TBD
Total Premium	\$ 3,757.35	\$ 4,052.83	\$ 3,528.00
OPTIONAL -			
Term premium (3/10/12 - 12/31/12)	N/A	\$ 3,117.00	Not an option
Terrorism premium		\$ 93.51	
Wisconsin Surplus Lines Tax (3%)		\$ 96.32	
Total Term Premium		\$ 3,306.83	
Commission	13%	13%	15%

Marketing Recap

Insurance Carrier	Coverages	Best's Rating [Edition Date]	Surplus Lines (Yes/No)	Carrier's Position (Quoted/Declined & Reason)
ACE American Insurance Company	Underground Storage Tanks	A+ XV (June 21, 2011)	No	Quoted. Annual premium is \$3,528 for \$1M limit at \$25,000 deductible. Unable to offer term premium.
Commerce & Industry – via Chambers	Underground Storage Tanks		No	Declined – due to marinas exposures
Liberty Surplus Insurance Corporation - Incumbent	Underground Storage Tanks	A XV (June 16, 2011)	Yes	Quoted. Term Premium (3/10/12 to 12/31/12) is \$3,117 plus 3% TRIA.
Zurich Insurance Company	Underground Storage Tanks		No	Declined – due to marinas exposures.

Note: If the above indicates coverage is placed with a Non-Admitted Carrier, the carrier is doing business in the state as a surplus lines or non-admitted carrier. As such, this carrier is not subject to the same regulations which apply to an admitted carrier nor do they participate in any insurance guarantee fund applicable in that state.