



MEMORANDUM

Date: October 16, 2013

To: Administration Committee
From: Pamela A. Captain, City Attorney

RE: 2014 Insurance Renewals & Projected Premiums

We are in the process of preparing for and submitting renewal applications for liability insurance for 2014. Included with this memo is a CVMIC 2014 Premium Projections spreadsheet and 2014 Projected Premiums spreadsheet.

LIABILITY COVERAGE

Liability insurance renewal commitment for Cities and Villages Mutual Insurance Company (CVMIC) for the 2014 policy year is already committed. See Resolution R-32-11 adopted August 15, 2011. Based on the City's current self-insured retention amount (\$25,000), the premium quoted for 2014 is \$52,020. No further action is required.

NEW POLICY OFFERINGS (Update)

You may recall that CVMIC introduced new insurance policy offerings at group rates such as:

- Crime/Employee Dishonesty/POBS
- Blanket Environmental Liability & UST's
- Cyber Risk Liability
- Volunteers' Medical & Accidental Death and Dismemberment
- Government Property Insurance
- Boiler & Machinery

Staff moved forward applying for the new crime/employee dishonesty coverage since the quoted rate was less than what is currently being paid and includes expanded coverage. We also moved forward changing the Boiler & Machinery policy since the quoted group rate is less than what is currently being paid. CVMIC did not receive enough interest in the blanket environmental liability & UST coverage and therefore there is no group quote for 2014. We have not yet received renewal information for 2014 UST coverage. Further information will be forthcoming. CVMIC is still in the process of putting coverage options in place for government property insurance. It will not be ready in time for 2014, so we will explore this option for 2015. In the meantime, we received an informal quote for 2014 from LGPIF. The paperwork is on its way to Menasha.

2014 PROJECTED PREMIUMS

CITY OF MENASHA

Coverage	Insurance Company	Policy Number	Expiration Date	Deductibles	2014 PROJECTED	2013
Property	LGPIF	140411	12/31/2014	\$5,000 aggregate	\$ 26,193.00	\$ 20,978.00
Liability	CVMIC	PEL 107	12/31/2014	\$25,000 SIR;	\$ 52,020.00	\$ 50,752.00
Auto Physical Damage	CVMIC	CAP-05-019	12/31/2014	\$100,000 aggregate;	\$ 17,388.00	\$ 17,220.00
				\$5,000,000 per occurrence in excess of SIR		
Excess Public Entity Liability Ins	CVMIC	0306-2286	12/31/2014	Difference between \$5,000 and SIR	\$ 1,927.00	\$ 1,835.00
				25,000/100,000 aggregate		
Employment Practice Liability Ins	CVMIC	NH644154	12/31/2014	\$25,000 SIR;	\$ 6,093.00	\$ 5,298.00
Workers Compensation	CVMIC	CWC-14-019	12/31/2014	\$1,000,000 per occurrence in excess of SIR;	\$ 160,000.00	\$165,007.00
				\$1,000,000 total policy period limit		
Crime	AIG		12/31/2014	\$1,000,000 per theft, forgery, robbery, computer fraud etc	\$ 530.00	\$ 570.00
Inland Marine	Allianz	0093012358	2/28/2014	with \$5,000 deductible	\$ 3,570.00	\$ 3,570.00
Boiler & Machinery	Zurich American Insurance		12/31/2014	refer to policy	\$ 942.00	\$ 3,804.00
Environmental Liability & Underground Storage Tanks	ACE American Insurance Co.	1581808	12/31/2014	\$500		\$ 3,528.00
				\$25,000/per occurrence		

**2014 Premium Projections as of 8/16/13.
Menasha**

	2012	2013	2014-Low Range	2014-High Range	
CVMIC Liability Premium	\$ 50,002	\$ 50,752	\$ 52,020	\$ 52,020	Current SIR \$ 25,000
CVMIC Liability Dividend	\$ (29,437)	(29,515)	(34,982)	(34,982)	As of 12/31/12 your ownership percentage has been updated On May 15, 2013 the Board of Directors has declared the 2014 Dividend, Dividends amounts has been announced at the Summer Meeting.
CVMIC WC Projection	\$ 162,070	\$ 165,007	\$ 150,321	\$ 150,321	Low Range - Based on rates from 10/1/13 & no increase in payroll. High Range - Based on rates from 10/1/13 & no increase in payroll. Rates for 2013 have been declared by the WCRB. Based on 2014 Normal Experience Modification.
Excess Workers Compensation Premium	\$ -	\$ -	\$ -	\$ -	Low Range - Based on 5% increase in rates. High Range - Based on 25% increase in rates. Based on audited payrolls from 2012 with no increased.
Excess Liability Premium	\$ 1,835	\$ 1,835	\$ 1,835	\$ 1,927	Low Range - Based on no increase in rates. High Range - Based on 5% increase in rates. Based on audited payrolls from 2012 with no increased.
Employment Practice Liability	\$ 4,537	\$ 5,298	\$ 5,563	\$ 6,093	Low Range - Based on a 5% increase in rates. High Range - Based on 15% increase in rates. Based on no change in employment count.
Auto Physical Damage Coverage	\$ 13,909	\$ 17,220	\$ 15,808	\$ 17,388	Low Range - Based on a 5% increase in rates and 5% inflation in fleet values. High Range - Based on 10% increase in rates and 5% inflation in fleet values. Based on actual fleet value on file as of 7/22/13. Based on a deductible of: \$ 1,000
CVMIC APD Dividend	\$ (4,667)	(4,876)	(5,281)	(5,281)	On May 15, 2013 the Board of Directors has declared the 2014 Dividend, Dividends amounts have been announced at the Summer Meeting.
Boiler & Machinery Coverage	\$ -	\$ -	\$ -	\$ -	Low Range - Based on no change in rates and 3% increase in values. High Range - Based on no change in rates and 5% increase in values.
	\$ 198,249	\$ 205,720	\$ 185,293	\$ 187,486	
		3.77%	-9.93%	1.19%	

Local Government Property Insurance Fund

Projected Loss Cost Multiplier increased by 17.4% regarding the 2013-14 policy year.
Premium Increase could also project 3% increase in property values.
Estimate can be provided if 2012 & 2013 LGPIF Information pages are provided and
ten years of loss information is provided from the LGPIF.

Auto Physical Damage					
Vehicle Value		\$	4,342,333	\$	4,559,449
Vehicle Count			67		
Vehicles as of			7/22/13		
Rates:		20012 Rates	2013 Rates	2014 Low Rates	2014 High Rates
	1,000	\$ 0.34670	\$ 0.34670	0.34670	0.38137
	2,500	\$ 0.26560	\$ 0.26560	0.26560	0.29216
	5,000	\$ 0.22800	\$ 0.22800	0.22800	0.25080

Note: This is an estimate of the cost of insurance for the 2014 policy year. The WC rates effective 10/1/13 have been published by the WCRB and these rates have been used. The experience modification for 2014 has not been issued by the WCRB and needs to be used when published. These estimates for the group purchase programs are based on figures developed on estimates presented at the Summer Meeting. The liability premium is the actual 2014 premium and the dividends have been declared and final figures were reported at the Summer Meeting for payment in 2014.