



MEMORANDUM

Date: April 30, 2015

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

RE: Local Government Property Insurance Fund (LGPIF)

Under the proposed state budget, the Governor slated LGPIF for dissolution allowing policies to be renewed until January 1, 2016, and claims filed until July 1, 2017. On April 17, the Joint Committee on Finance voted to delay the plan to close LGPIF until 2018. If approved, this means policies could be renewed until January 1, 2018, and claims filed until July 1, 2019.

Menasha's coverage term runs on a calendar year basis. We are renewed through December 31, 2015. Under the terms of the policy renewal occurs on an automatic basis unless the City provides notice of termination by a majority vote of the common council. There is an ability to terminate prior to the expiration of the policy period in which case 90% of the unearned premium will be refunded.

We have been following this issue for a few years now. Cities & Village Mutual Insurance Company (CVMIC) has been collecting member information and working to secure alternate coverage. Recently, it was announced that CVMIC, the League of Wisconsin Municipalities and Wisconsin Municipal Mutual Insurance Company are proceeding with plans to create a Municipal Government Property Insurance Fund similar to LGPIF. We have provided requested information to CVMIC in order to explore this option. As you are aware, there are a limited number of carriers that provide public property insurance coverage. We are also checking out two other insurance companies that offer public property insurance coverage. We will keep you apprised of our efforts.



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, Governor
Theodore K. Nickel, Commissioner

Wisconsin.gov

Local Government Property Insurance Fund
125 South Webster Street • P.O. Box 7873
Madison, Wisconsin 53707-7873
Phone: (608) 264-8118 • Fax: (608) 264-6226
E-Mail: Brynn.BruijnHansen@wisconsin.gov
Web Address: ocr.wi.gov

April 22, 2015

City of Menasha
Pamela Captain
140 Main Street

Menasha, WI 54952

Re: Dissolution of the LGPIF

Dear Policyholder:

We are finally at a point in the State Budget process where we feel that it is appropriate to communicate to our policyholders what we know regarding the future of the LGPIF. As most of you are aware the governor proposed closing the LGPIF in his bi-annual budget. The Joint Finance Committee has affirmed this budget item, with the modification to the actual ending date. Although the budget process has not been completed, LGPIF has decided to take action based upon the unanimous vote of the Joint Finance Committee affirming the Governor's Budget.

AMI Risk Consultants conducted an in-depth analysis of the Fund's current rate structure, and recommended that the Fund increase its overall rate by 45%, assuming the Fund would continue operations, or 85% should the Fund be dissolved. These rate increases are to the Fund in its entirety, individual policyholder rate changes will vary. Considering the vote taken by the Joint Finance Committee, management has decided to proceed under the assumption the Fund will be dissolved. This rate increase will be effective July 1st, 2015. The ASU Group will be mailing Altered Terms letters in accordance with s.631.36, Wisconsin Statutes.

The Fund recognizes that municipalities may choose to place their coverage elsewhere and may face challenges to find coverage before their renewal date. The Fund will be suspending its short term cancellation clause (SECTION VIII-CONDITIONS, B – **Termination of Policy**) for those insureds that renew from July 1st, 2015 to September 30th, 2015.

If you have questions about any of the above changes, please contact the Fund Administrator at 877-229-0009, or the undersigned at (608) 264-8118, or email me at Brynn.BruijnHansen@wisconsin.gov.

Sincerely,

Brynn Bruijn-Hansen
Insurance Program Manager
Local Government Property Insurance Fund