



MEMO

TO: Common Council
Mayor Merkes

FROM: Police Chief Stanke 

SUBJECT: CVMIC Renewal

DATE: August 27, 2009

A resolution for the renewal of our liability insurance is attached. We are currently on a three-year renewal from CVMIC through 2010. This will continue our commitment for 2011-2012.

After consulting with Mayor Merkes and Comptroller Stoffel it is our recommendation that we continue with an SIR of \$25,000. The cost for option1 with a Self-Insured Retention of \$25,000 is \$47,672 for 2010, \$48,782 for 2011 and \$50,001 for 2012. We have exceeded the SIR limit on 7 separate occasions.

The City has been able to save a considerable sum estimated at \$3,790,219 since joining CVMIC in 1988. In addition CVMIC provides risk management services at a minimal cost to the City.

In addition CVMIC will be returning a dividend to the City of \$20,847 in March of 2010..

RESOLUTION R-22-09

RESOLUTION APPROVING THE CITY OF MENASHA'S LIABILITY INSURANCE RENEWAL THROUGH CITIES AND VILLAGES MUTUAL INSURANCE COMPANY (CVMIC)

Introduced by Mayor Merkes

WHEREAS, the City of Menasha has been a charter member of Cities and Villages Mutual Insurance Company (CVMIC) since 1988 and

WHEREAS, the renewal for 2011-2012 has been received from CVMIC;

NOW THEREFOR, BE IT RESOLVED, that the City of Menasha Common Council with the Mayor concurring elect to continue to participate in CVMIC; and

BE IT FURTHER RESOLVED that the City of Menasha accepts the proposal dated July 16, 2009 from Cities and Villages Mutual Insurance Company (CVMIC) and agrees to continue its membership in CVMIC for policy years 2011 and 2012 based on the premiums guaranteed by CVMIC for said policy years with the SIR at \$25,000.00.

Passed and approved this 8th day of September, 2009.

Donald J. Merkes, Mayor

Deborah A. Galeazzi, City Clerk



July 16, 2009

Mr. Robert Stanke
City of Menasha
430 First Street
Menasha, WI 54952

RE: Two-Year Liability Renewal Package

Dear Robert:

Cities and Villages Mutual Insurance Company (CVMIC) is pleased to provide your community with its two-year liability renewal package. CVMIC continues to provide your community with the best possible public entity, general liability and auto liability protection available in Wisconsin. This re-pricing continues CVMIC's approach of providing a long-term solution to your liability insurance needs.

Bickmore Risk Services has completed an actuarial review of CVMIC losses from 1988 to present. Their analysis has indicated that we continue to have very stable losses. The Board of Directors requested that Bickmore Risk Services calculate each member's 2011-2012 premiums for both the current and next higher self-insured retention (SIR). Premium calculations were developed utilizing current loss data and the underwriting information members provided last fall for the reinsurance renewal.

The proposed pricing limits the experience modification to premium increases no greater than 15% and reductions no greater than 10% for 2011 and increases for 2012 will be 2.5%.

Your premium options for the 2011 and 2012 policy years are set forth in Attachment One. These premiums are guaranteed for the two-year period assuming that we achieve an adequate level of commitment for the renewal. In order to lock in these rates, we are asking that each member make their renewal commitment by September 1, 2009. Our general counsel, Mark Kircher of Quarles & Brady, has provided instructions for making this two-year commitment to CVMIC (Attachment Two).

CVMIC has grown to 45 member cities and villages. In addition to broad liability protection with \$5 million in limits, we also provide loss control services, risk management assistance and access to other insurance products through optional group purchases. These programs provide access to needed insurance coverage at substantial savings. This is in addition to the quantifiable benefits and direct cost savings your community has realized through participation in the CVMIC liability program. A comparison of the 21 years that City of Menasha has been with CVMIC with the final year with your previous carrier indicates that you have enjoyed total savings of \$3,790,219 since your community joined CVMIC. (Attachment Four).

The Board of Directors continues to be committed to assisting members with their risk management and loss control programs. CVMIC's loss control representatives continue to work directly with members to provide loss control assistance. In addition, we have provided a wide range of free educational programs for your employees. These seminars have proven to be very popular and are highly rated by those attending. We believe these services have had a direct impact on losses and have helped keep premiums low. We will continue to expand our training efforts and encourage member participation. A copy of the preliminary training schedule for the fall/winter of 2009/2010 is attached (Attachment Three).

Liability Program Dividends

On April 1, 2007 CVMIC retired the WMIC bond. This was accomplished with CVMIC all paying principal and interest payments on behalf of members. The retirement of the WMIC debt opened the door to return excess funds from the liability program to members in the form of dividends. The first dividend was declared in 2008 and paid in early 2009. At their May 21st meeting, the Board declared a liability dividend in the amount of \$958,013.00 for the policy period ending 12/31/08. This dividend will be paid on or around March 1, 2010. Specific information regarding this dividend will be provided in a separate letter. The goal of the Board is to provide stable dividends while maintaining surplus at target levels.

Other Insurance Purchase Options

In addition to the liability insurance program, CVMIC offers a first-dollar workers' compensation program, Auto Physical Damage program and several top quality insurance products on a group-purchase basis. Group purchase options include Special Events Liability Program, Employment Practice Liability, Excess Workers' Compensation, umbrella/excess liability and Boiler & Machinery insurance. These programs have been offered in response to member requests to provide cost-effective options to meet the insurance needs of their community. Renewal information for these programs will be provided at the summer meeting.

Ratings and Awards

We are extremely pleased to inform the membership that CVMIC has maintained its 'A' rating from AM Best. A.M. Best is the foremost source for insurer ratings in the world. Best's initial rating of CVMIC covered the five-year period ending December 31, 1992. Their rating is based on a thorough review of the company's financial strength. On the basis of that review, A. M. Best awarded CVMIC an A (V) rating. A is for excellent which is assigned to companies which have achieved excellent overall performance when compared to the standards established by A. M. Best Company. Companies with an A rating have a strong ability to meet their policyholder and other contractual obligations over a long period of time. The financial size category (V) represents policyholder's surplus between \$10 million and \$25 million. The A. M. Best rating is reviewed annually. We are proud to report that CVMIC maintained an A- or better rating each year since 1992 and we are among a small group of insurers whose rating was raised.

In 1997, we refinanced the WMIC bond and had our financial ratings reviewed by Moody's. At that time, Moody's gave CVMIC a rating of Aa2. We were very pleased with the rating and felt it reflected Moody's belief of CVMIC's strong financial position. The recognition of CVMIC's success was further enhanced when we received the Association Governmental of Risk Pools (AGRIP) Pooling Advisory Standard Recognition Award. This award demonstrates CVMIC's compliance with recommended operational practices and documentation set forth in Pooling Advisory Standards. The criteria for this recognition is reviewed every three years. CVMIC has retained this recognition for many years.

We feel the A. M. Best rating, the Moody's rating and the recognition award from AGRIP provides the membership with the assurance and piece of mind that the company is operating in a professional and financially sound manner. One of the goals when CVMIC was founded was to achieve a Best Rating of B+. The fact that we exceeded this goal by three rating categories is significant and reflects the continuing emphasis on achieving excellence by improving the way the company operates, increasing CVMIC's financial strength, expanding the level of services provided to members and strengthening the commitment of members to CVMIC. We are extremely pleased and proud of these ratings and the AGRiP recognition and continue to hard to accomplish those things required to maintain and improve upon them.

The Board implemented the two-year pricing cycle to ensure members will always know their liability insurance cost before beginning the budget process.

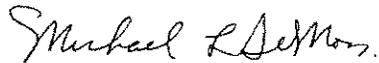
To confirm your community's commitment to CVMIC for the 2011-2012 policy years as outlined in Attachment One, it will be necessary to complete and sign

the acceptance form at the bottom of Attachment One and return one signed copy in the postage paid envelope provided.

We look forward to continuing working with you. If you have any questions regarding re-pricing, please contact either Ken Horner or myself.

Yours very cordially,

CITIES AND VILLAGES MUTUAL INSURANCE CO.



Michael L. DeMoss
Executive Director



Ken Horner
Director of Operations

MLD:scp
Enc.

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City of Menasha
ANNUAL PREMIUMS
 Policy Years 2010, 2011, 2012

ATTACHMENT 1

- **Coverage includes:**
 - General Liability
 - Auto Liability
 - Excess Liability
 - Public Officials Liability
 - Law Enforcement Liability

- **Self-Insured Retention ("SIR")** is available at several levels.

- **Limits of Liability:**
 - \$5,000,000 per occurrence excess of SIR.

- **Defense Costs are included in the SIR.**

ANNUAL PREMIUMS:

(SIR) Occurrence/Aggregate

	<u>Current SIR</u>	<u>Optional SIR</u>
	\$25,000	\$37,500
<u>Policy Year</u>	<u>Option 1</u>	<u>Option 2</u>
2010	\$47,672	\$40,687
2011	\$48,782	\$41,634
2012	\$50,001	\$42,675

NOTE: The premiums stated herein are based on an expected number of renewals and are subject to review, depending on the actual number of renewals. With that qualification, they are guaranteed for the three-year policy period 2010, 2011 and 2012.

ACCEPTANCE

The City of Menasha agrees to continue as a member of CVMIC for the policy years 2010, 2011 and 2012 as outlined in Option 1 _____ (\$25,000) [or] as outlined in Option 2 _____ (\$37,500) (*please indicate*) at the corresponding guaranteed premiums set forth above.

ACCEPTED AND AGREED TO this _____ day of _____, 2009.
 City of Menasha

By _____
Name

Its _____
Title