

MEMORANDUM

DATE: October 5, 2022

TO: Ted Corrigan, CEO & General Manager
Amy Kahler, Chief Financial Officer

FROM: Donna Heckman, Senior Financial Analyst

SUBJECT: 2023 Corporate Insurance Renewals

Earlier this year, our corporate insurance broker, Assured Partners (formerly LMC) began requesting quotes for our November 1, 2022 renewals. Attached is the current premium summary comparing expiring and renewal rates. Lines with significant differences are discussed below.

Property & Casualty: The change for the Property & Casualty (P&C) renewal is an increase of approximately 3%. These policies are bundled with Cincinnati as the carrier; the chart below represents the total expiring and renewing premiums.

	<u>Expiring</u>	<u>Renewal</u>
Property	\$240,828	\$241,679
Equipment	\$15,472	\$15,472
Inland Marine	20,607	21,523
General Liability	272,961	271,305
Automobile	62,497	66,514
Terrorism Premium	7,740	8,137
	<u>\$604,633</u>	<u>\$624,630</u>

There are two major changes that are being implemented by our P&C carrier Cincinnati. Historically, Assured Partners has requested the Equipment limit be the same as our property limit (currently 419M); however, Cincinnati has lowered this limit to \$100M. The value of our equipment is less than \$100M, so this drop in limit will not impact our coverage.

The other major change to our coverage comes with the General Liability policy. In 2022, DMWW hit our per claim limit on this policy for a claim in downtown Des Moines. This claim is still open and is now being paid under our 1st layer of Umbrella Liability coverage. While the premium for our General Liability policy is remaining flat, Cincinnati is increasing our deductible from \$25K to \$100K per occurrence.

Because of this increase in deductible, staff asked Assured Partners to go back to the market to see if there is an alternative vendor for this coverage; consequently, there may be changes to the P&C coverage prior to final approval at the October Board meeting.

Umbrella Liability: The above-mentioned open claim is also impacting pricing on our Umbrella Liability policies. Historically, DMWW has carried \$50M in coverage across three layers. This coverage is layered above our standard General Liability policy. From 2017 to 2021, the cost of carrying \$50M in Umbrella coverage increased over 104% from \$191K to \$391K.

Assured Partners utilized casualty insurance market data experts, Advisen, to benchmark this coverage to help us determine the appropriate level of coverage. The following chart shows the range of coverage that 16 peer programs utilize. About 56% of programs have between \$5M and \$10M in Umbrella Liability coverage. No peer carries our coverage amount of \$50M.

Advisen Limit Distribution
Program Count: 16

Coverage Range	% Of Count
\$20M - \$30M	12.50%
\$10M - \$20M	6.20%
\$5M - \$10M	56.20%
\$1M - \$2M	6.20%
\$750K - \$1M	6.20%
\$500K - \$750K	12.50%

Assured Partners also utilized their partner, Jester Insurance, to evaluate public entities in the State of Iowa and learned the largest of public utilities carry between \$12M - \$25M in coverage.

Considering the benchmarking data above and with costs on the rise, we are proposing that DMWW lower our Umbrella Liability limits to no more than \$25M. The estimated costs and coverages below are assuming coverage of \$25M; however, staff will continue to evaluate the coverage level.

	Expiring		Renewal	
1st Layer	\$10,000,000	\$178,562	\$10,000,000	\$257,985
2nd Layer	15,000,000	100,000	10,000,000	120,000
3rd Layer	25,000,000	112,000	5,000,000	59,347
	\$50,000,000	\$390,562	\$25,000,000	\$437,332

Cyber Liability: We were able to secure a renewal with our current Cyber Liability carrier; however, based on the market, the premium went up 32% from \$69,500 to \$91,997. With the increase in cybersecurity claims, insurance carriers are scrutinizing cybersecurity controls and are being cautious in underwriting policies.

Workers Compensation: Since 2014, DMWW has been self-insured for Workers Compensation. Midwest Employers Casualty Corp (MECC) has again agreed to a two-year term for our excess Workers Compensation Liability Policy. This policy protects DMWW against catastrophic losses. This policy will increase 16% from \$88,811 to \$102,985. Loss history and salary increases play a major role in this increase.

Another component of Workers Compensation is the amount paid to a third-party administrator (TPA) for management of our claims. We are in the process of evaluating responses to an RFP for a new TPA. This annual cost is expected to be less than \$20K per year.

Summary: The cost of renewing our coverage may increase from \$1,234,391 to \$1,345,023 from 2022 to 2023. The 2023 Budget includes estimated corporate insurance costs of \$1,386,500.

Jack Carra, from Assured Partners, will be at the October 11th Finance & Audit Committee meeting.

Board of Water Works Trustees of the City of Des Moines

Market Premium Summary

Policy Period: 11/1/2022 - 2023

Coverage	Final	Renewal
	2021-2022	2022-2023
Property	Cincinnati	Cincinnati
Blanket Property Limit	\$419,359,117	\$433,518,837
Blanket Business Income	\$15,000,000	\$15,000,000
Flood Limit	\$1M/\$5M/\$10M (Varies)	\$1M/\$5M/\$10M (Varies)
Earthquake Limit	\$15,000,000	\$15,000,000
Flood Deductible	\$250,000	\$250,000
Earthquake Deductible	\$250,000	\$250,000
Deductible-All Other	\$100,000	\$100,000
Terrorism	Included	Included
Average Rate	0.051900	0.053900
Total Premium	\$225,356	241,679
Commission	(\$2,254)	(2,417)
Equipment	Cincinnati	Cincinnati
Equipment Limit	\$419,359,117	\$100,000,000
Spoilage limit	\$100,000	\$100,000
Ammonia Contamination Limit	\$100,000	\$100,000
Hazardous Substance Limit	\$100,000	\$100,000
Business Income Limit	\$15,000,000	\$15,000,000
Deductible-All Other	\$100,000	\$100,000
Total Premium	\$15,472	15,472
Inland Marine	Cincinnati	Cincinnati
Scheduled Equipment	\$1,934,196	\$1,907,654
Leased or Rented Items	\$250,000	\$250,000
Deductible	\$5,000	\$5,000
EDP Floater:		
Equipment Limit	\$2,900,000	\$2,900,000
Data/Media Limit	N/A	N/A
Deductible	\$5,000	\$5,000
Total Premium	\$20,607	21,523
Commission	(\$206)	(215)
General Liability	Cincinnati	Cincinnati
General Aggregate	\$2,000,000	\$2,000,000
Products CoOps Limit Aggregate	\$2,000,000	\$2,000,000
Occurrence Limit	\$1,000,000	\$1,000,000
Personal & Advertising Injury	\$1,000,000	\$1,000,000
Damage to Premises Rented to You	\$500,000	\$500,000
Medical Expense (Any one Person)	\$10,000	\$10,000
Deductible - BI & PD	\$25,000 each occurrence	\$100,000 each occurrence
Employee Benefit Occurrence	\$1,000,000	\$1,000,000
Employee Benefit Aggregate	\$3,000,000	\$3,000,000
Employee Benefit Deductible	\$1,000	\$1,000
Total Premium	\$272,961	271,305
Commission	(\$2,730)	(2,713)
Automobile	Cincinnati	Cincinnati
Automobile Limit	\$2,000,000	\$2,000,000
Retained Limit/ Deductible	N/A	N/A
Total # of units	100	101
Total Premium	\$62,497	66,514
Commission	(\$625)	(\$665)
Package Terrorism Premium	\$7,740	8,137
Cincinnati Package Total	\$589,161	\$624,630

Board of Water Works Trustees of the City of Des Moines

Market Premium Summary

Policy Period: 11/1/2022 - 2023

Coverage	Final	Renewal
	2021-2022	2022-2023
Umbrella	Allied Public Risk	Allied Public Risk
Limits of Liability	\$10,000,000	\$10,000,000
Retention Limit	\$10,000	\$10,000
Total Premium	\$178,562	\$257,985
2nd Layer Umbrella Liability	Great American	Great American
Limit of Liability	\$15,000,000	\$10,000,000
Retention	\$10,000,000	\$10,000,000
Total Premium	\$100,000	\$120,000
3rd Layer Umbrella Liability	Westchester Fire	HDI Global
Limit of Liability	\$25,000,000	\$5,000,000
Retention	\$25,000,000	\$15,000,000
Total Premium	\$112,000	\$59,347
Crime	Travelers	Travelers
Employee Dishonesty	\$1,000,000	\$1,000,000
Deductible	\$5,000	\$5,000
Annual Premium (3 year term - 2020-2023)	\$3,200	\$3,200
D&O/Employment Practices Liability	Chubb	Chubb
Directors & Officers Liability	\$5,000,000	\$5,000,000
Deductible	\$50,000	\$50,000
Employment Practices Liability	\$5,000,000	\$5,000,000
Deductible	\$100,000	\$100,000
Aggregate Limit	\$5,000,000	\$5,000,000
Total Premium	\$31,183	\$34,852
Excess D&O/Employment Practices Liability	RSUI	RSUI
Directors & Officers Liability	\$5,000,000	\$5,000,000
Deductible		
Total Premium	\$20,500	\$22,850
Fiduciary Liability	Travelers	Travelers
Fiduciary Liability Limit of Liability	\$3,000,000	\$3,000,000
Settlement Program Limit of Liability	\$250,000	\$250,000
HIPAA Limit of Liability	\$1,000,000	\$1,000,000
Deductible	\$0	\$0
Total Premium	\$5,723	\$5,976
Commission	(\$57)	(\$60)
Cyber Liability	Travelers	Travelers
Limit of Liability	Confidential Information related to CyberSecurity	Confidential Information related to CyberSecurity
Total Premium	\$69,500	\$91,997
Commission	(\$12,163)	(\$16,099)
Flood - 2201 George Flagg Pkwy - Maintenance	Selective	Selective
Building Limit	\$100,000	\$100,000
Contents Limit	\$20,000	\$20,000
Retention	\$1,500	\$1,500
Total Premium	\$5,527	\$1,308
Flood - 2201 George Flagg Pkwy	Selective	Selective
Building Limit	\$500,000	\$500,000
Contents Limit	\$500,000	\$500,000
Retention	\$1,250	\$1,250
Total Premium	\$8,286	\$3,087

Board of Water Works Trustees of the City of Des Moines

Market Premium Summary

Policy Period: 11/1/2022 - 2023

	Final	Renewal
Coverage	2021-2022	2022-2023
Workers Compensation	Various	Various
Excess Liability Policy - MECC	\$88,811	\$102,985
Third Party Administrator - TBD	\$9,500	\$18,975
Total Premium/Expense (1st year of 2 year contract)	\$98,311	\$121,960
COMBINED PREMIUMS	\$1,237,425	\$1,347,192
BROKER SERVICE FEE	\$15,000	\$20,000
Less Commission Paid to Broker	(\$18,035)	(\$22,169)
Total Insurance Premiums & Fees	\$1,234,391	\$1,345,023
Total Corporate Insurance Budgeted	\$1,286,500	\$1,386,500