

MEMORANDUM

DATE: October 4, 2021

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

FROM: Donna Heckman, Senior Financial Analyst

SUBJECT: 2022 Corporate Insurance Renewals

Earlier this year, our corporate insurance broker, LMC Insurance & Risk Management began getting quotes for our November 1, 2021 renewals. Attached is the current premium summary comparing expiring and renewal rates. We are still waiting on final quotes for our Cyber Liability renewal. While it is anticipated that we could see a 50% increase for this one line, our overall increase in total premiums would be about an 11% increase from 2021 to 2022.

Property & General Liability: The change for the Property renewal was an increase of approximately 8%. Since these policies have been bundled with Cincinnati as the carrier, the chart below represents the total expiring and renewing premiums.

	<u>Expiring</u>	<u>Renewal</u>
Property	\$240,952	\$240,828
Inland Marine	19,599	20,607
General Liability	265,439	314,443
Automobile	62,275	62,270
Terrorism Premium	7,783	7,740
	<u>\$596,048</u>	<u>\$645,888</u>

Umbrella Liability: DMWW has three layers of Umbrella Liability coverage above our standard General Liability policy above. The costs and coverages are below:

Umbrella Coverage	Coverage	Expiring	Renewal
1st Layer	\$10,000,000	\$144,146	\$178,562
2nd Layer	\$15,000,000	75,000	100,000
3rd Layer	\$25,000,000	80,250	112,000
		<u>\$299,396</u>	<u>\$390,562</u>

Fiduciary Liability: In the 2020 renewal, we increased the limits on our Fiduciary Liability policy. This policy covers civil damages and legal fees arising from lawsuits against pension benefit administrators. We are in the third year of a three-year term with a premium of \$5,723/year.

Cyber Liability: Our current carrier has chosen to no longer offer coverage to utilities. Because of this, LMC has had to go out to the market to find us coverage. With the increase in cybersecurity claims, insurance carriers are scrutinizing cybersecurity controls and are being cautious in underwriting new policies. At the time of this memo, we do not have final costs for our November renewal. However, we can anticipate costs to rise anywhere from 20 – 50%. Total costs for this coverage could range \$46K - \$60K for 2022.

Workers Compensation: Beginning January 1, 2014, we began self-insuring for Workers Compensation. DMWW is in the second year of a two-year contract with MECC to provide the excess Workers Compensation Liability Policy. This policy protects DMWW against catastrophic losses. Another component of Workers Compensation is the amount paid to our third-party administrator, Cottingham & Butler. This annual cost is expected to remain flat at \$9,500 per year. The final piece of our Workers Compensation costs are the claims themselves. These amounts are budgeted in the Corporate Insurance Work Plan and are expenses paid out of pocket by DMWW.

If Cyber Liability costs come in at an increase of 50%, which is projected “worst case scenario”, the total cost of renewing our coverage will increase from \$1,116,407 to \$1,234,327 in 2021 and 2022, respectively. The 2022 Budget includes estimated corporate insurance costs of \$1,275,000.

Board of Water Works Trustees of the City of Des Moines

Market Premium Summary

Policy Period: 11/1/2021 - 2022

Coverage	Proposed	Proposed
	2020-2021	2021-2022
Property	Cincinnati	Cincinnati
Blanket Property Limit	\$413,241,258	\$419,359,117
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	0.050900	0.050900
Total Premium	\$240,952	\$240,828
Commission	(\$2,255)	(\$2,254)
Inland Marine	Cincinnati	Cincinnati
Scheduled Equipment	\$1,934,196	\$1,934,196
Leased or Rented Items	\$125,000	\$125,000
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	\$19,599	\$20,607
Commission	(\$196)	(\$206)
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	\$25,000 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	\$265,439	\$272,961
Commission	(\$2,654)	(\$2,730)
Automobile	Cincinnati	Cincinnati
Automobile Limit	\$2,000,000	\$2,000,000
Retained Limit/ Deductible	N/A	N/A
Total # of units	100	100
Total Premium	\$62,275	\$62,497
Commission	(\$623)	(\$625)
Package Terrorism Premium	\$7,783	\$7,740
	\$596,048	\$604,633
Umbrella	Allied Public Risk	Allied Public Risk
Limits of Liability	\$10,000,000	\$10,000,000
Retention Limit	\$10,000	\$10,000
Total Premium	\$144,146	\$178,562
2nd Layer Umbrella Liability	Great American	Great American
Limit of Liability	\$15,000,000	\$15,000,000
Retention	\$10,000,000	\$10,000,000
Total Premium	\$75,000	\$100,000

Board of Water Works Trustees of the City of Des Moines
Market Premium Summary
Policy Period: 11/1/2021 - 2022

Coverage	Proposed	Proposed
	2020-2021	2021-2022
3rd Layer Umbrella Liability	Westchester Fire	Westchester Fire
Limit of Liability	\$25,000,000	\$25,000,000
Retention	\$25,000,000	\$25,000,000
Total Premium	\$80,250	\$112,000
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	\$32,772	\$31,183
Excess D&O/Employment Practices Liability	RSUI	RSUI
Directors & Officers Liability	\$5,000,000	\$5,000,000
Deductible		
Total Premium	\$20,890	\$20,500
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 (3 year contract - thru 11/1/22)	\$5,723	\$5,723
Commission	(\$57)	(\$57)
Cyber Liability	AIG	AIG *
Limit of Liability	Confidential Information Related to CyberSecurity	Confidential Information Related to CyberSecurity
Retention	\$50,000	\$50,000
Total Premium	\$25,240	\$37,860
Excess Cyber Liability	AIG	AIG *
Limit of Liability	Confidential Information Related to CyberSecurity	Confidential Information Related to CyberSecurity
Total Premium	\$12,943	\$19,415
*Estimated 50% increase		
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	\$4,491	\$5,527
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	\$8,178	\$8,286

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Market Premium Summary

Policy Period: 11/1/2021 - 2022

	Proposed	Proposed
Coverage	2020-2021	2021-2022
Workers Compensation	Various	Various
Excess Liability Policy - MECC	\$88,811	\$88,811
Third Party Administrator - Cottingham & Butler	\$9,500	\$9,500
Work Comp Claims		
Total Premium/Expense (2nd year of 2 year contract)	\$98,311	\$98,311
COMBINED PREMIUMS	\$1,107,192	\$1,225,199
BROKER SERVICE FEE	\$15,000	\$15,000
Less Commission Paid to Broker	-\$5,785	-\$5,872
Total Insurance Premiums & Fees	\$1,116,407	\$1,234,327
Work Comp Claims & Administration (Est)	\$300,000	\$300,000
Total Insurance - Including Work Comp	\$1,403,601	\$1,534,327
Total Corporate Insurance Budgeted	\$1,440,000	\$1,511,500