


COUNCIL COMMUNICATION

	Number:	22-320	Meeting:	June 27, 2022
	Agenda Item:	44	Roll Call:	22-1021
	Submitted by:	Nickolas Schaul, Finance Director		

AGENDA HEADING:

Annual insurance renewal for July 1, 2022/23 – Property and Casualty Insurance.

SYNOPSIS:

Authorization to purchase insurance coverage for property insurance, automobile liability insurance for enterprise funds, crime insurance, hazardous materials/mutual aid occupational injury insurance, excess workers compensation insurance, National Flood Insurance Program, and cyber liability insurance.

The total quoted premium for the July 1, 2022 to 2023 renewal of these insurance coverages is \$2,091,187. This is an increase of \$324,178 from 2021/22 insurance costs. Staff recommends approval of the 2023 Schedule of Insurance, which is below.

FISCAL IMPACT:

Amount: \$2,091,187

Funding Source: Fiscal Year (FY) 2023 Operating Budget:

- Tort Fund – Tort Liability G005 ND405645, Page 75
- Parking Operations Fund – Traffic and Transportation Parking Administration E051 EG062085, Page 54
- Solid Waste Operations Fund – Solid Waste Collection E151 PW250430, Page 212
- Solid Waste Operations Fund – Curbside Recycling E151 PW250432, Page 213
- Sanitary & Storm Sewer Maintenance Fund – E101 PW247411 & E301 PW247413, Page 206 and 215
- Des Moines Public Housing Agency Fund – Housing Services – Public Housing S350 HS120130, Page 103
- Special Revenue Funds – Other Employee Benefits S451 ND405649, Page 113

ADDITIONAL INFORMATION:

- Property Insurance – Alliant Insurance Services submitted a property insurance quote of \$933,632, which is an increase of \$136,109 from the expiring premium. This policy includes flood coverage in Zones other than A or V, up to \$5,000,000 with a \$250,000 deductible.

The flood deductible is partially offset by the purchase of National Flood Insurance at certain high-risk locations that have sustained flood losses in prior years (see bullet point below National Flood Insurance).

- Crime Insurance – Travelers Insurance submitted a premium renewal quote of \$17,865, which is an increase of \$530 compared to prior year. This policy covers potential losses due to employee theft, forgery, robbery, computer fraud, etc.
- Enterprise Fund Automobile Liability Insurance – Travelers Insurance submitted a premium renewal quote of \$144,133 which is an increase of \$14,865 compared to the premium last year. This policy for Automobile Liability insurance covers Solid Waste Collection and Recycling, Sanitary Sewers, Storm Water Utility, and Housing Services vehicles.
- Excess Liability Insurance – States Self-Insurers Risk Retention Group, Inc. submitted a quote of \$335,631, which is an increase of \$109,381 compared to the prior year’s expiring policy. This policy provides a per occurrence limit of \$10,000,000 and an aggregate policy limit of \$20,000,000 for General Liability, Auto Liability, Law Enforcement Liability, and Public Officials Liability. Outside of Public Housing, which maintains a \$1,000,000 self-insured retention, the City’s self-insured retention under this policy is \$2,000,000. This represents a change in carrier for the City’s excess liability coverage as well as a change in how the City purchases excess liability coverage from a standard policy to the utilization of a captive insurer.
- Excess Workers’ Compensation Insurance – Safety National submitted a premium renewal quote option of \$449,481, which is an increase of \$4,254 compared to the expiring policy. The City purchases Excess Workers’ Compensation Insurance to cover employee occupational injuries that exceed the City’s current self-insured retention of \$1,500,000. This policy covers the indemnity (present and future lost wages) and medical expenses related to occupational injuries incurred by City employees. Only medical expenses are covered for Police and Fire personnel because their indemnity expenses are covered under Chapter 411 of the Code of Iowa by the Municipal Fire & Police Retirement System of Iowa.
- National Flood Insurance – The City purchases flood insurance through the National Flood Insurance Program (NFIP). The renewal quote for this year is \$20,445. This is a decrease of \$42,465 compared to the expiring policy. To remain FEMA reimbursement eligible, flood insurance is required on the Animal Shelter, Birdland Aquatic Center, the Birdland Aquatic Center Filter Building, City Hall, the Armory and Principal Park. At most locations, the limit is the maximum coverage available under the NFIP, \$500,000 for each building and \$500,000 at each location for contents.
- HazMat/Mutual Aid Workers’ Compensation Insurance – The renewal quote for this coverage is anticipated to come in at about \$50,000. The increase is due to needing to match the increase in self-insured retention under the City’s general Workers’ Compensation coverage. The distinction between the HazMat/Mutual Aid Occupational Injury Insurance policies and the Excess Workers’ Compensation Insurance policy described above is that the HazMat/Mutual Aid Insurance covers Fire Department personnel during a response to mutual aid requests. This coverage extends from the time Fire Department personnel leave their station to the time they

return. This policy is intended to cover the \$1,500,000 self-insured retention included in the Excess Workers' Compensation policy. The cost of this coverage is apportioned to those counties having HazMat Services 28E Agreements with the City. Therefore, this coverage is cost-neutral to the City.

- Cyber Liability Coverage – CFC Underwriting Ltd is expected to submit a cyber liability premium quote of about \$140,000 for the upcoming year, which would be an increase of \$70,613 from the prior year's premium. The City's broker is going to market for additional comparable rates to ensure this is the result of market factors. This coverage includes access to incident response experts as well as coverage for costs related to recovering data and bringing systems back online.

PREVIOUS COUNCIL ACTION(S):

Date: June 28, 2021

Roll Call Number: [21-0995](#)

Action: [Annual](#) Insurance Renewal for July 1, 2021 (Fiscal Year 2021/22) property, casualty and other city operations. ([Council Communication No. 21-280](#)) Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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