



STAFF REPORT

Report To: Board of Supervisors **Meeting Date:** June 6, 2019

Staff Contact: Sheri Russell, Chief Financial Officer

Agenda Title: For Possible Action: Discussion and possible action regarding proposed insurance agreements with Argonaut Insurance Company for excess liability coverage (Including General Liability, Auto Liability, Employment Practices Liability, Law Enforcement Liability, Management Liability and Excess/Umbrella Liability) at a total premium not to exceed \$333,476, with Great American for government crime insurance at a total premium not to exceed \$13,150, and with Illinois Union for Landfill Pollution Legal Liability insurance at a total premium not to exceed \$12,409 for a total aggregate of approximately \$359,035 for FY 2020. (Sheri Russell, srussell@carson.org)

Staff Summary: Staff recommends renewing Crime Insurance and Landfill Pollution Liability with the same insurance companies as last year. Excess Liability, including General Liability, Auto Liability, Employment Practices Liability, Law Enforcement Liability, Management Liability and Excess/Umbrella Liability, were previously held with Travelers. Travelers quoted a 6.36% increase in premium, Argonaut quoted a much lower premium and will allow the City a 5.59% reduction in premiums for FY 20. All of the insurance companies have at least an A rating by AM Best Services and have adjusted policyholder reserves of at least \$1.5 billion or greater.

Agenda Action: Formal Action / Motion **Time Requested:** 15 Minutes

Proposed Motion

I move to direct staff to enter into insurance agreements with Argonaut Insurance Company for excess liability coverage at a total premium not to exceed \$333,476, with Great American for government crime insurance at a total premium not to exceed \$13,150, and with Illinois Union for Landfill Pollution Legal Liability insurance at a total premium not to exceed \$12,409, for a total aggregate of approximately \$359,035 for FY 2020.

Board's Strategic Goal

Efficient Government

Previous Action

FY 2019 insurance agreements were approved by the Board of Supervisors on June 21, 2018.

Background/Issues & Analysis

The current Property Insurance Program (PEPIP), which includes Property, Earthquake, Flood, Boilre & Machinery, Pollution Liability, Cyber Liability and Vehicle Physical Damage is purchased on a year-to-year basis. PEPIP has not yet finalized its premiums for FY 20; that will be brought back to the June 20, 2019 meeting.

Travelers provides both Insurance and claims processing where Argonaut only offers Insurance. Staff is considering CCMSI as our Third Party Administrator for claims processing as we work with them already

through our self insured Workers Compensation Program. Argonaut total quote for insurance is \$333,476 and estimated costs of CCMSI third party administrator is \$36,299 (which will be a separate contract) for a total of \$369,775, which compared to Travelers Quote of \$393,780 is a savings of \$24,005. Staff believes the estimate of the Third Party Administrator is very conservative.

Applicable Statute, Code, Policy, Rule or Regulation

N/A

Financial Information

Is there a fiscal impact? Yes

If yes, account name/number: Insurance Fund / Insurance Premiums - 590- 0745-415-05-12.

Is it currently budgeted? Yes

Explanation of Fiscal Impact: \$1,134,000 is budgeted in this account for FY 20. Total insurance premiums for FY 20 discussed above will be approximately \$359,035, including CCMSI, third party administrator services for \$395,334. This is a 5.59% decrease in overall insurance program costs (with the exception of PEPPIP) from the prior fiscal year. The property program (PEPIP) premium should not increase more than 18%, due to increased rates in the property insurance market, so at most staff expects that premium to come in no higher than \$639,910. This would be a total cost of insurance for FY 20 of \$1,035,244. Other small premiums are paid out of the total budget including specific insurance on the drones, City nurses, Judges, Jail Doctor, etc.

Alternatives

Elect not to enter into the agreements noted above and pursue other options for insurance.

Attachments:

[Proposed CASUALTY Premium Summary 2019-20 \(Argonaut\).pdf](#)

Board Action Taken:

Motion: _____	1) _____	Aye/Nay
	2) _____	_____

(Vote Recorded By)

Revised: **5/24/2019**

Expiring Coverage & Premiums

Renewal Coverage & Premiums

Carriers	Coverage: Limit / Deductible or Retention	2018/19 Expiring Premiums
Travelers	General Liability: \$1,000,000 / \$100,000 SIR Abuse or Molestation: \$1,000,000 / \$100,000 SIR Employment Practices: \$1,000,000 / \$100k Errors & Omissions: \$1,000,000 / \$100k Law Enforcement Liability: \$1,000,000 / \$100k	\$ 253,805
Travelers	Auto Liability: \$1,000,000 / \$100,000 SIR	\$ 76,689
Travelers	Excess Liability: \$10,000,000 aggregate Excluding Abuse or Molestation Claims	\$ 63,286
Travelers	Administration of self-insured liability claims	Included
Subtotal (Casualty)		\$ 393,780
Great American	Crime/Employee Theft: \$1,000,000/\$50,000 DED	\$ 12,892
Illinois Union *Surplus Lines	Landfill Pollution: \$2,000,000/\$25,000 SIR	\$ 11,474
	NV Surplus Lines Taxes & Fees	\$ 574
Subtotal Pollution (Landfill)		\$ 12,048
2018-19 Totals		\$ 418,720

Carriers	Coverage: Limit / Deductible or Retention	2019/20 Premiums	Notes
Argonaut (Trident Public Risk)	General Liability: \$10,000,000 / \$100,000 SIR Abuse or Molestation: \$5,000,000 / \$100,000 SIR Employment Practices: \$10,000,000 / \$100,000 SIR Errors & Omissions: \$10,000,000 / \$100,000 SIR Law Enforcement Liability: \$10,000,000 / \$100k SIR	\$ 333,476	Quoted
Argonaut	Auto Liability: \$10,000,000 / \$100,000 SIR	Included	
N/A	See above limits	\$ -	
CCMSI (TPA) ✓	Administration of self-insured liability claims	\$ 36,299	Estimated
Subtotal (Casualty)		\$ 369,775	
Great American	Crime/Employee Theft: \$1,000,000/\$50,000 DED	\$ 13,150	Quoted
Illinois Union *Surplus Lines	Landfill Pollution: \$2,000,000/\$25,000 SIR	\$ 11,818	
	NV Surplus Lines Taxes & Fees	\$ 591	
Subtotal Pollution (Landfill)		\$ 12,409	Quoted
2019-20 Totals		\$ 395,334	

Variance \$ (23,386)

Percentage Change -5.59%

This proposal is merely a descriptive summary of coverage provided by the insurance companies being proposed and should be used for reference purposes only. This is a quotation of coverage only. It is not a binder. This proposal does not amend or alter the insurance contract.

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CCMSI (36,299)
 Total premiums \$359,035

✓ CCMSI is an estimated third party administrator who processes claims. While Traveler has a claims processing division, Argonaut does not, so we would have to hire a third party claims administrator. We currently have an excellent relationship with CCMSI, who know their systems and will be contracting with them for this service should staff recommendation of moving to Argonaut be approved.