



Property and Casualty Insurance

Improvements and Cost Savings

Self Insured Retention (Deductible)

Old – 2015

\$1 million for Liability Claims

New – 2016

\$500,000 for Liability Claims

This eliminates \$500,000 of liability exposure and frees up money for the City.

General Liability and Umbrella Policy

Old – 2015	New – 2016
Policy Limit - \$1 million Umbrella Limit - \$5 million	Policy Limit - \$6 million per occurrence \$18 million aggregate

We now have substantially higher limits for less premium under this new policy with a new insurance company. This also allowed us to eliminate the separate umbrella policy for a savings of \$86,000 a year.

Auto Insurance

Old – 2015

Only covered liability and property damage for the following:

- Fire Department
- Transit
- Mayor's car

Policy Limit \$1 million

New – 2016

Covers liability and property damage for all City owned vehicles in all departments.

Policy Limit \$6 million per occurrence
\$18 million aggregate

We now have protection for our entire City fleet from a catastrophic loss at full replacement value.

Pollution

Old – 2015

No Coverage

New – 2016

Pollution Policy limit – \$2 million

We now have coverage for all City pollution exposure risks such as:

- Water Treatment Plant
- Wastewater Treatment Plant
- City Garage, Fire Department Garage, Golf Course Garage, and Gas and Water Garage
- Parks and Rec & Golf facilities (pools, herbicides, pesticides, golf courses)
- Underground Fuel Storage Tanks at Garage and Transit

Cyber

Old – 2015

Policy Limit - \$1 million

New – 2016

Policy limit – \$2 million

Law Enforcement Liability

Old – 2015

Policy Limit - \$1 million
\$5 million (umbrella)
Premium - \$138,325

New – 2016

Policy limit – \$6 million per occurrence
\$18 million aggregate
Premium - \$69,286

We have substantially more coverage for a significantly reduced premium.

Employment Practices Liability (EPLI) and Errors & Omissions (E&O)

Old – 2015

- No coverage for Employment Practices Liability or Errors and Omissions.
- Only coverage for Public Entity Management Liability

New – 2016

Policy limit - \$6 million,
\$18 million aggregate

Covers the following

- Employment Practices Liability
- Sexual Harassment
- Racial Discrimination
- Sexual Abuse
- Errors and Omissions (which includes the scope of Public Entity Management Liability)

Earthquake

Old – 2015

\$1 million limit

New – 2016

\$10 million limit

Flood

Old – 2015

\$5 million, but no coverage for any properties in Zone A, Zone X (shaded) or Zone X (unshaded).

- Essentially, this means that any structure remotely near water, did not have flood protection.
- 164 properties were specifically excluded, including the Wastewater Plant that was heavily damaged in the 2010 flood.

New – 2016

\$25 million limit for all properties outside of Zone A.

\$1 million coverage for Zone A

- We only have five locations in Zone A

Now we have flood coverage that exceeds any coverage we had before, and also exceeds any coverage we could buy through the National Flood Insurance Program.

Cost Savings (Apples vs. Oranges)

Old – 2015

Travelers Insurance – 12 months

\$714,840 premium

- \$1 million liability deductible
- No auto coverage (except Transit and Fire)
- \$1 million liability limit with \$5 million umbrella
- No meaningful flood coverage

New – 2016

Alliant and AIX – 12 months

\$628,336 premium (\$86,504 savings)

- \$500,000 liability deductible
- Auto coverage for all City vehicles
- \$6 million/\$18 million liability limits
- Flood and Earthquake coverage for all locations
- EPLI coverage
- Pollution coverage
- Significant reduction for Law Enforcement Liability

Liability Cost Savings (Apples vs. Apples)

Travelers Proposed Premium 2016	AIX – 2016
<p data-bbox="112 429 900 529">Travelers Insurance liability policy quote with a \$500k deductible</p> <p data-bbox="112 601 297 644">\$311,581</p> <ul data-bbox="112 715 813 758" style="list-style-type: none">• \$1 million/\$3 million policy limit	<p data-bbox="1000 429 1769 472">AIX – 12 months with \$500k deductible</p> <p data-bbox="1000 601 1599 644">\$237,073 (Savings of \$74,508)</p> <ul data-bbox="1000 715 1734 758" style="list-style-type: none">• \$6 million/\$18 million policy limits

We received significantly better coverage and still saved an estimated \$74,500 on the cost of the liability policy alone. There were additional savings on the property policy, even if we assumed that Travelers Insurance would have locked our Property Insurance rates for another year, but that was doubtful.

OJI Comparison

FY 2014-2015

- 193 OJI reports filed
- 108 required medical treatment incurring medical expenses
- \$333,028 paid in medical expenses and claim expenses

FY 2015-2016

- 162 OJI reports filed to date
- 66 required medical treatment incurring medical expenses
- \$235,777 paid to date in medical expenses and claim expenses

Auto Comparison

FY 2014-2015

- 118 auto reports filed
- 13 were claims of liability resulting on payment
- \$15,318 paid out.
 - Some car accidents occurred this year but were settled or paid in the next year.

FY 2015-2016

- 104 Auto reports filed to date
- 10 were claims of liability resulting in payment
- \$106,776 paid to date
 - One was a lawsuit that began in FY2014-2015 but recently settled for just under \$50,000.
 - Another was an auto accident that occurred in 2013 was resolved and \$32,000 was paid in November 2015, even though that accident did not occur in this fiscal year.

General Liability Comparison

FY 2014-2015

- 22 GL claims filed
- 15 were claims of liability resulting on payment
- \$387,389 paid out in General Liability Claims.
 - This includes legal expenses paid in lawsuits filed years ago that are still pending or have been resolved, even for those lawsuits which the City was successful.

FY 2015-2016

- 21 GL claims filed to date, 2 were lawsuits
- 10 were claims of liability resulting in payment
- \$71,529 paid to date, which includes legal expenses and settlement amounts.

OJI vs. Workers Comp

OJI costs last year

- If you were to combine the OJI medical expenses paid last year and add the costs of the long term disability policy that will cover the costs of injured employees who cannot return after an OJI, the combined cost is approximately \$550,000.

FY 2015-2016

- We obtained a price quote for a full Workers Compensation program based on the departments, payrolls, and number of employees, and received a quote as follows:
 - Low quote: \$1,763,509
 - High quote: \$2,713,091
 - Likely quote based on our history: \$2,034,818

Results: Savings from \$1.2 – \$2.2 million per year.