



City Hall, 215 Sycamore St.
Muscatine, IA 52761-3840
(563) 264-1550
Fax (563) 264-0750

HUMAN RESOURCES

To: Gregg Mandsager, City Administrator
From: Stephanie Romagnoli, Human Resources Manager
Date: June 14, 2011
Re: Insurance Renewal

The city's insurance package is up for renewal once again on July 1, 2010. The insurance committee has met to review renewal information and finalize recommendations for the City Council.

The City will be renewing its policy with Traveler's Insurance Company. Workers' compensation coverage with United Heartland will also be renewed. One notable change is that the City will be adding a cyber-liability policy. The cost of this coverage will be offset by a switching the airport coverage to a lower cost provider. The cost of insurance renewal is under the budgeted amount. An executive summary outlining the details of the renewal is attached to this memo.

At this time, I am requesting City Council's approval to authorize Holmes Murphy to bind the insurance coverage as outlined in the executive summary. If you have any questions or require additional information, please let me know.

City of Muscatine – Executive Summary
P/C Insurance Renewal
July 1, 2011

Holmes Murphy is pleased to present the City of Muscatine and representatives of their insurance committee with your property/casualty insurance renewal for July 1, 2011. The following represents a summary of our proposal.

Travelers and United Heartland Insurance continue to remain the best options for the majority of the City's property/casualty exposures.

- Overall premiums for the overall insurance program increased slightly from \$528,675 to \$538,281 and/or 2%.

Loss ratio from 2005-2011 by major lines of coverage is as follows:

- General Liability – 71%
- Workers Compensation – 16%
- Auto Liability – 33%
- Property – 226%
- Professional Liability – 103%

Exposure Changes:

- Property values increased overall from \$71,819,708 to \$77,081,794 and/or 7%
- Projected revenues for the 7/1/11 – 7/1/12 policy term decreased from \$49,989,093 to \$48,720,727 and/or 3%.
- Projected payroll remains relatively flat from \$7,917,393 to \$7,899,405.
- Automobile exposures remained flat from 136 to 136.

The City's workers compensation line of coverage continue to trend favorably as reflected in your NCCI experience mod which will decrease 5 points .87 to .82. As a result of favorable loss experience, United Heartland has paid dividends to the City totaling **\$104,460** over the past four years. This has further reduced your overall annual insurance costs as indicated below.

<u>Policy Year</u>	<u>Dividend Percentage</u>	<u>Amount</u>
2006-07	19%	\$28,954
2007-08	15%	\$22,858
2008-09	19%	\$26,782
2009-10	19%	\$25,866

As of 5/31/11 the 2010-11 policy term the loss ratio is 24% which would produce another dividend estimated at \$24,891.

Holmes Murphy has successfully negotiated the maximum 15% scheduled credit to your Workers Compensation rates. In addition, the following represents the rate deviations for your major job class codes: (*maximum allowable rate deviation in the State of Iowa is also 15%*)

<u>Classification</u>	<u>Code</u>	<u>State Rate</u>	<u>Deviated Rate</u>	<u>% change</u>
Municipal Employees	9410	3.06	2.60	(15%)
Bldg NOC – Operation by Owner	9015	4.48	3.81	(15%)
Club-Country & Clerical	9060	1.48	1.26	(15%)
Street & Road	5506	8.24	7.00	(15%)
Parks	9102	4.00	3.40	(15%)
Sewage Disposal Plant Ops	7580	3.00	2.55	(15%)
Limo: All Other Employees & Drivers	7382	5.98	5.08	(15%)
Clerical	8810	.32	.27	(15%)
Garbage Collection/Drivers	9403	11.14	9.47	(15%)

Options

	<u>Limit</u>	<u>Premium</u>	<u>Change</u>
Airport Liability	\$ 5,000,000	\$ 2,955	(\$1,367)
Airport Liability	\$10,000,000	\$ 3,510	(\$ 812)

- Recommendation to move coverage to ACE USA from the incumbent Old Republic.
 - Coverage enhancements include:
 - Fire Damage Legal Limit of \$250,000 per any one fire
 - Premises medical payments of \$5,000 each
 - Hangar Keepers Legal Liability \$5,000,000 each aircraft/occurrence
 - Non-owned Aircraft Liability \$5,000,000 each occurrence (currently there's no coverage)
 - No exclusion for Airport Parachuting Operations or for the insured taking possession of any aircraft or engaging in direct operations moving, taxing, towing or non-owned aircraft.

We hope that you agree with our recommendations and welcome your feedback. Thank you for your continued support & confidence with Holmes Murphy. We sincerely appreciate doing business with the City of Muscatine.

Jim Kapsch
Vice President
Holmes Murphy & Associates, Inc.

Laure Guisinger
Senior Vice President
Holmes Murphy & Associates, Inc.