



REQUEST FOR COUNCIL ACTION

MEETING DATE: May 16, 2022
PREPARED BY: Greg Sticha, Finance Director GS
AGENDA ITEM: Award 2022/2023 insurance coverage

PREVIOUS ACTIONS:

The City has had coverage with the League of Minnesota Cities Insurance Trust (LMCIT) for the last thirty-four years and, on January 3, 2022, elected to not waive the monetary limits on municipal tort liability.

RECOMMENDED COUNCIL ACTION:

Motion to place the City's property, marine, crime, automobile, municipal liability, boiler/machinery, excess liability and workers compensation coverage with the League of Minnesota Cities Insurance Trust.

Motion to place the City's computer coverage with Travelers Property Casualty Company.

COMMENTS:

USI Insurance Services (formerly associated Benefits and Risk Consulting) has compiled a comprehensive review of our coverage and the premium for the 2022/2023 policy year. A few points to be mentioned.

- The renewal for the same deductibles as last year increased by \$15,056 (1%). The change is primarily related to the workers compensation area, in particular the league is being cautious related to future PTSD claims.
- I recommend the City continue the computer coverage with Travelers Property Casualty Company. The premium of \$6,099 is certainly reasonable and St. Paul Travelers coverage has only a \$500 deductible. The City has not had many claims, but this is an area where the possibility of an electrical storm, water damage or theft would make the lower deductible a better choice.

- The 2006 Legislature increased the tort immunity limits to \$500,000 per individual claim and \$1,500,000 for all claims arising out of a single occurrence effective July 1, 2009. This increase was supported by LMCIT. One result of the legislation was that the City could choose to waive the \$500,000 per claimant limit. If the City waived that limit, then a single claimant would have access to the higher limits. The City has elected to not waive the tort immunity limits per the city attorney recommendation (January 3, 2022) and the renewal premium is based on that recommendation. That would leave the limits at the amount set by state statute.
- I would recommend that the City make no change in the workers compensation premium refund option. The current method has been beneficial to the City and does provide the most potential for future savings.
- The City has paid USI a flat fee for their services instead of a commission-based fee. Shaun Irwin with USI also spends a fair amount of time during the year answering insurance related questions for staff. That time is included in the annual agent's fee.

The premium breakdown is:

	2021/2022 Actual	2022/2023 Renewal
Workers Compensation	\$768,125	\$800,613
Liability	308,422	326,802
Property	253,202	222,794
Auto	60,355	54,951
Agents Fee	25,500	25,500
Total Premium	\$1,415,604	\$1,430,660

ATTACHMENTS:

Attachment A: USI insurance renewal proposal and schedules