



Date: July 16,2024

TO: Finance Committee

FROM: Kathy Franson, Director of HR

SUBJECT: Authorization to Approve the Proposed Renewal of Property and Casualty Coverages

BACKGROUND:

The City utilizes the services of Arthur J. Gallagher Risk Management Services, Inc. (AJG) to represent the City in obtaining Property and Casualty Insurance Coverage. Each year, AJG and the City meet to update records, discuss coverages, and review trends in the marketplace. Then AJG solicits quotations from the City's current carriers as well as various independent carriers from which the most competitive quotes are selected and recommended for approval by the City. The City works primarily with Rich Stokluska, Area Executive Vice President, AJG, who has vast experience in municipal insurance as well as the City's account.

CONCLUSION:

Specifically, this year our biggest increase is seen in the area of Cyber. Cyber will be transitioning to a Cyber Media Coverage that will enhance our protection for online crimes and data breaches and offset any costs with data recovery.

The total projected cost of the renewal proposal submitted by Arthur J. Gallagher is \$1,826,007. All coverages meet the City's specifications. Funding is currently available in the General Corporate Fund/Public Liability & Property Damage (Org Code 01014000; Object Code 525200) and the General Corporate Fund/Workers Compensation (Org Code 01014000; Object Code 502600).

The following is a comparison of the historical coverage costs compared with the proposed quote:

Coverage	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025 Proposed Renewal
General Liability (GL)*	175,764	196,553	264,959	301,973	320,393	346,315
Excess Liability **	59,649	66,826	505,890	648,639	713,391	733,063
Property ***	111,504	160,113	209,315	236,271	249,620	288,292
Crime Package	7,457	7,457	8,513	8,513	8,513	8,513
Underground Storage Tank	12,379	12,962	11,825	12,913	12,913	11,954
Worker's Compensation	201,101	232,524	211,244	222,902	249,937	259,008
Cyber	25,461	33,683	41,180	96,182	94,888	137,362
Broker Fee	36,500	37,600	38,750	40,000	41,500	41,500
Total	629,815	746,808	1,291,676	1,567,393	1,691,155	1,826,007

*Includes Auto Liability, Law Enforcement Liability, Public officials, Employee Benefits and Employment Practices Liability, Premium Subject to Surplus Lines Tax/variances are typically less than 10%.

**Includes Three (3) separate excess liability carriers with costs of coverage at 329,257, 248,496 & 155,310(5M/ea).

***Includes Boiler & Machinery, Excess Flood, Earthquake, Business Interruption, Contingent Tax interruption, Accts Receivable, Electronic Data Processing, Auto Damage, Contractors Equipment, Paved Surfaces, Valuable Papers, Builders Risk, Errors & Omissions, Fine Arts, Fungus, Personal Property in Transit

Recommendation

Based on the administration's evaluation of the attached proposal, it is recommended that the Finance Committee recommend the City Council authorize executing a contract with Arthur J. Gallagher Risk Management Services, Inc. for the renewal of coverages and services for the City's Consolidated Property and Casualty Insurance Program for the policy year beginning August 1, 2024, in the amount of \$1,826,007 for the 2024/2025 plan year.