

COUNCIL ACTION FORM

Admin Item

Meeting Date: March 12, 2020
Staff Contact: Fred Sherman, CAO / City Clerk

Agenda Item: City of Westwood Insurance Renewal

Background / Description of Item:

The city's general insurance policy will expire on April 1, 2020. Geoff Gobble with Boulevard Insurance LLC, has provided an overview of the insurance renewal options for the City of Westwood for the next policy coverage year.

Overall, insurance rate premium costs have increased some, partly due to adjusted property limits, rising auto rates, and increased city population figures. These various changes has also led to an increase in the Commercial Excess Liability pricing, as it is based on the cost of the underlying coverages which it is excess to.

The 2020 KMIT work comp rates are based on estimated anticipated annual payroll amounts, subject to an annual audit. Work Comp expenses are anticipated to be slightly higher due to budgeted payroll increase & changes in the Experience Modification rate on the coverage.

The cost for the Additional Insured status for Westwood Hills & Mission Woods on both the General Liability and Law Liability for the respective interlocal agreements will be \$225 for each municipality. Both Westwood Hills and Mission Woods will be billed for this additional insurance coverage expense.

Insurance coverage for the 4th of July fireworks event typically will be secured by a separate policy as has been done since 2014.

In addition to the City Hall, Public Works, and several parks properties, the city's insurance coverage includes the 5050 Rainbow Blvd property – to be classified as a vacant building this year, traffic signals, the street lights associated with the Woodside Village project, the city-owned street lights purchased from KCP&L in 2015, and the new decorative pedestrian style street lights that were installed in 2019. The insurance coverage needs for Westwood staff performing building codes services to the cities of Westwood Hills and Mission Woods is also included, as is a Cyber Liability policy that gives additional coverage to resurrect data, public relations expense, and provide additional network security and defense liability coverage.

Attached is the updated estimated rate scheduled for year 2020 coverages.

Staff Recommendation:

Authorize the Mayor to sign the necessary documents for renewal of the city's Insurance Policy Package with Boulevard Insurance LLC for the next policy year.

CITY OF WESTWOOD, KANSAS – COVERAGE SUMMARY/COMPARISON

<u>Item of Coverage</u>	<u>Travelers</u> <u>2008</u>	<u>Continental</u> <u>Western</u> <u>2009-13</u>	<u>EMC Insurance</u> <u>Company</u> <u>2013-20</u>	<u>EMC Insurance</u> <u>Company</u> <u>2020-21</u>
<u>Property</u>				
Building & Personal Property Values	\$2,418,149	\$3,657,804	\$6,093,161	\$4,933,399
Replacement Cost Valuation	Included	Included	Included	Included
Blanket or Specific Coverage	Blanket Basis	Blanket Basis	Blanket Basis	Blanket Basis
Agreed Value [suspends co-insurance]	Included	Included	Included	Included
Mechanical Breakdown Coverage	Included	Included	Included	Included
Building Ordinance & Law Coverage	\$100,000	\$250,000	Property Limit	Property Limit
Extra Expense Coverage	\$50,000	\$350,000	\$500,000 BI/EE	\$500,000 BI/EE
Property Deductible – Except E’quake	\$1,000	\$1,000/\$2,500	\$5,000 (increased in 2015)	\$5,000
Flood Coverage - \$1,000 Deductible	\$2,000,000/\$25K ded.	\$1,000,000	Excluded	Excluded
Earthquake Coverage – 5% Deductible	\$2,000,000	\$2,000,000	\$6,093,161 10% Ded.	\$6,737,034

Blanket Property coverage limits have been adjusted slightly for 2020 to reflect the current cost to rebuild the City Hall, Church, and Public Works buildings. It is this replacement cost that the insurance industry considers for valuations. Our Blanket Property coverage with Agreed Value affords us some additional protection as these costs increase, as Co-Insurance is suspended. Total property coverage limits are up about \$645,000, mostly due to the new street lights, etc.

*** Due to the prolonged vacancy of the church building at 5050 Rainbow, we have been asked by EMC to carve it out to its own policy for the coming term. We have secured terms through Lloyd’s of London for this cover. Less coverage, more expense. The liability coverage for this location remains with EMC Insurance Companies.**

<u>Inland Marine</u>	<u>2008</u> Travelers	<u>2009-13</u> CWG	<u>2013-20</u> EMC	<u>2020-21</u> EMC
Scheduled Contractors Equipment – ACV	\$225,253	\$130,550	\$84,500	\$84,500 *
Scheduled Contractors Equipment – RC		\$89,545	\$501,844	\$1,145,717 [incl. new street lights/controls]
Unscheduled Contractors Equip. – ACV	\$50,000	\$15,000	\$15,000	\$15,000
Scheduled Emergency Equipment – RC	\$90,817ACV	\$193,421	\$148,251	\$148,251 *
Radio Equipment – RC	\$27,283	Included	Included	Included
Leased or Rented Equipment – ACV	\$50,000	\$100,000	\$100,000	\$100,000
Computer Equipment – RC	\$76,731	\$67,397	\$50,000	\$50,000
Computer Data/Media	\$50,000	\$50,000	\$45,000	\$45,000
Inland Marine Deductible	\$1,000	\$500	\$1,000	\$1,000

*Includes the values of the street lights removed plus the new street lights/controllers/junction boxes.

Crime – Blanket Basis

Employee Dishonesty – Excl. Treasurer	\$50,000	\$50,000	\$50,000	\$50,000
Forgery & Alteration	\$50,000	\$50,000	\$50,000	\$50,000
Money & Securities – On/Off Premises	\$10,000	\$10,000	\$10,000	\$10,000
Deductible	\$1,000	\$1,000	\$1,000	\$1,000

Note to the City Council and the Committee on Administration & Compensation Expenses:

Separate Position Bonds are provided to cover thirteen (13) key personnel for the City.

The positions covered are: City Treasurer, City Clerk, Assistant City Clerk, Court Clerk, City Attorney, Chief of Police, and City Judge, Mayor & 5 City Council Members.

Surety bond rates are very similar from company to company and do not share the potential market pricing fluctuations that are often seen in the property and casualty insurance market.

LIABILITY COVERAGE – CITY OF WESTWOOD, KANSAS

	<u>2008 Limits</u> Travelers	<u>2009-2013</u> CWG	<u>2013-2021</u> EMC	<u>Final Limit*</u>
<u>Commercial General Liability [Occurrence Form]</u>				
Per Occurrence Limit	\$2,000,000	\$1,000,000	\$1,000,000	\$5,000,000
Annual Aggregate Limit	\$4,000,000	\$2,000,000	\$2,000,000	\$6,000,000
Employee Benefits Liability - \$500 Ded. Each EE	\$2/\$6,000,000	\$1,000,000	\$1,000,000	\$5,000,000
General Liability Deductible	NIL		\$500 PD	

Special Event Liability Included for Easter Egg Roll & Oktoberfest Picnic. We secured separate coverage again last year for July 4 Fireworks at a cost of \$1,500 for a \$2,000,000 limit of liability. Pricing anticipated to be similar again for 2019.

The Commercial General Liability Includes the City of Westwood Hills & the City of Mission Woods each as an Additional Insured with respect to Work Performed by the Westwood Public Works Department under their respective Public Works Agreements.

<u>Data Compromise Coverage</u>	(new addition as of 2014)	<u>2014-16</u>	<u>2016-21</u>
Response Expenses Coverage		\$50,000	\$50,000
Defense & Liability Coverage		\$50,000	\$50,000
Identity Recovery		\$25,000	\$25,000
Cyber Liability	Computer Attack Annual Aggregate		\$100,000 \$10,000 Deductible
	Network Security & Defense Liability		\$100,000
	Data Recreation Sublimit		\$5,000
	Public Relations Sublimit		\$5,000

Law Enforcement Liability [Claims Made Form]

Limit – Each Wrongful Act	\$2,000,000	\$1,000,000	\$1,000,000	\$5,000,000
Annual Aggregate Limit	\$4,000,000	\$1,000,000	\$2,000,000	\$6,000,000
Deductible – Per Claim	\$5,000	\$2,500	\$1,000	

Includes the City of Westwood Hills & the City of Mission Woods as Additional Insured with respect to Law Enforcement Services provided by the City of Westwood to each under their respective Public Safety Agreements. Cost will be \$225 for each entity in 2019 for both the General Liability & Law Enforcement Liability coverage extensions for Public Works & Public Safety Agreement Compliance.

LIABILITY COVERAGE – CITY OF WESTWOOD, KANSAS (continued)

	<u>2008 Limit</u> Travelers	<u>2009-2013</u> CWG	<u>2013 - 2021</u> EMC	<u>Final Limit*</u>
<u>Public Officials Liability</u>				
Linebacker Policy - Claims Made				
Limit – Each Wrongful Act	\$2,000,000	\$1,000,000	\$1,000,000	\$5,000,000
Annual Aggregate Limit	\$4,000,000	\$1,000,000	\$2,000,000	\$6,000,000
Deductible - Per Claim	\$5,000	\$1,000	\$2,000	

Employment Practices Liability
Linebacker Policy – Claims Made

Limit – Each Wrongful Act	\$2,000,000	\$1,000,000	\$1,000,000	\$5,000,000
Annual Aggregate Limit	\$2,000,000	\$1,000,000	\$2,000,000	\$6,000,000
Deductible – Per Claim	\$5,000	\$2,500	\$2,000	

EMPLOYMENT PRACTICES WAS A \$1,000,000 LIMIT WITH CWG. UMBRELLA DID NOT EXTEND THIS COVERAGE.

Commercial Automobile

Limit of Liability – Each Accident	\$2,000,000	\$1,000,000	\$1,000,000	\$5,000,000
Uninsured/Underinsured Motorist	\$2,000,000	\$1,000,000	\$1,000,000	
Hired/Non-Owned Liability	\$2,000,000	\$1,000,000	\$1,000,000	\$5,000,000
Comprehensive Deductible	\$250	\$250	\$500 [Increased in 2015]	
Collision Deductible	\$500	\$500	\$500	
Hired Auto Physical Damage	?	Included – Vehicle’s Actual Cash Value		
Commandeered Vehicle Physical Damage	?	\$250,000	Included	

LIABILITY COVERAGE – CITY OF WESTWOOD, KANSAS (continued)

Limits Remain Unchanged for 2020

Worker’s Compensation & Employers Liability

Kansas Municipality Insurance Trust [KMIT]

Worker’s Compensation

Statutory Kansas Limits

Employer’s Liability

Base Limit

Final Effective Limit *

Bodily Injury by Accident
 Bodily Injury by Disease
 Bodily Injury by Disease

\$500,000 Each Accident
 \$500,000 Policy Limit
 \$500,000 Each Person

\$4,500,000
 \$4,500,000
 \$4,500,000

Estimated Annual Payroll – Subject to Audit
 NCCI Experience Modification Factor-2020

\$978,350 (was \$892,000)
 0.93 (was 0.92)

The City has elected to have Worker’s Compensation coverage provided by the Kansas Municipality Insurance Trust in lieu of voluntary coverage offered by a standard insurer, with Boulevard Insurance, LLC as their representative to the KMIT plan.

Be advised that the KMIT plan is a form of self insurance, and as with all self insurance plans, there are provisions for joint & several liability for all members of the plan. This means that in the unlikely event of a shortfall of funds due to claims expenses, it could potentially result in an assessment of the plan members to bring plan fund assets back up to the required reserves for future losses.

LIABILITY COVERAGE – CITY OF WESTWOOD, KANSAS (continued)

Limits Remain Unchanged for 2019

Commercial Excess Liability

Aggregate Limit	\$4,000,000
[Except 'Covered Autos' & Products/Completed Ops]	
Produces Completed Operations Aggregate	\$4,000,000
Personal & Advertising Injury Limit	\$4,000,000
Each Occurrence Limit	\$4,000,000 Any One Person or Organization

Higher Excess Liability Limits Are Provided due to Sharing of Aggregate Excess Liability Limits on the Underlying Coverage. Commercial General Liability, Law Enforcement Liability, Public Officials Liability, Automobile Liability (other than Uninsured Motorist), and Employment Practices Liability and Employer's Liability are each extended by this coverage.

Higher Limits of Liability Are Available.

*** "Final Limit" as Referenced Throughout this Summary Includes Applicable Commercial Excess Liability Limit, and is subject to application of the Kansas Tort Claims Act, KSA Section 75-6101, where applicable.**

All Property & Inland Marine Values, Vehicle Coverage and Payrolls are based on information provided by the City, with the exception of the recently calculated replacement cost figures for the City Hall, Church, and Public Works buildings. Coverage is subject to Loss Control Inspection and Compliance, Acceptable Motor Vehicle Reports for operators of City Vehicles, Signed Statement of Values, Signed Supplemental Applications, if any, and Premium Payment.

CITY OF WESTWOOD, KANSAS – PREMIUM SUMMARY-HISTORICAL COMPARISON

	Travelers <u>2000-09</u>	Continental Western <u>2009-13</u>	Employer's Mutual Insurance Company [EMC] <u>2013-2019</u>	<u>2020</u>
Package Policy Premium	\$32,025	\$46,013	\$58,621	\$59,108 *
Vacant Church Property Policy - Lloyd's London				\$ 4,098
Fidelity Bonds [13]	unknown	\$ 1,331	\$ 1,931	\$ 1,931
Special Event Liability – Fireworks @ \$2,000,000 Limit			\$ 1,530	est. \$ 1,500~
<u>Workers Comp</u>	<u>\$45,642</u>	<u>\$19,497</u>	<u>\$21,870</u>	<u>\$23,170</u>
TOTAL PREMIUMS	\$77,667	\$66,841	\$85,350	\$89,807 *

* Total shown does not reflect the cost of the new street light coverage, a net increase of \$643,873 in value. Best guess additional cost for this is ~\$2,100. This value is included in the property/inland marine totals.

Total Premium is up mostly due to work comp costs, adjusted property limits/new street lighting, rising auto rates, and the need for vacant property coverage for the church building. These various changes also led to a small increase in the Commercial Excess Liability pricing, as it is based on the cost of the underlying coverages to which it is excess. Work Comp is up due to payroll increase & 1% Experience Modification increase. Work Comp rates are actually down, with exception of the Police Dept. classification, which is up 8%, and has increased anticipated payroll for 2020.

PREMIUM DIVIDEND PROGRAM RESULTS – EMC INSURANCE

For Municipalities with favorable loss experience, EMC pays a dividend back to the insured. Below is a recent history of this dividend program with respect to the City of Westwood, Kansas. The overall figures shown on the preceding page do not reflect these premium credits received.

In May 2016, a Dividend of \$5,873.55 was paid for good loss experience for 2015-16.

In May 2017, a Dividend of \$7,323.72 was paid for good loss experience for 2016-17.

In April 2018, a Dividend of \$7,861.12 was paid for a good year of loss experience for 2017-18.

In April 2019, a Dividend of \$8,914.01 was paid for another good year of loss experience for 2018-19.

