

**COUNCIL ACTION FORM**

**SUBJECT:** RENEWAL OF CASUALTY AND LIABILITY INSURANCE

**BACKGROUND:**

The City's casualty and liability coverage insurance policy expires on June 30, 2013. This coverage has been placed with the Iowa Communities Assurance Pool (ICAP) since July 1, 2004. ICAP is a member-funded group insurance pool that provides property and casualty coverage to over 600 Iowa public entities. Every ICAP member has equity that increases through the first six years of membership, at which point the member is 100% vested and becomes eligible for an annual surplus distribution. With last year's (FY 2012/13) renewal, the City of Ames had seven years in ICAP's program. Last October we received the third of three checks for approximately \$70,000, which was used to offset premium costs that are allocated to City departments.

The following coverages are provided by ICAP:

- General Liability
- Automobile Liability
- Automobile Physical Damage for the Bookmobile
- Transit Liability (CyRide)
- Public Officials
- Law Enforcement Professional Liability
- Fidelity (Employee Theft) Bond

**Staff did not seek alternatives to this program for FY 2013/14. The relationship with ICAP continues to be solid and the City has been receiving quality claims and loss control services.** The only major ICAP coverage change was last year (FY 2012/13) which was the elimination of property coverage for the Ice Arena, moving it to the main property insurance program insured by Chubb Group beginning July 1, 2012.

**The overall premium totals for FY 2013/14 increased 6.5%, from \$485,328 to \$516,945. According to ICAP's underwriter, this was not due to rate increases on the various lines of coverage, but rather from increases in underwriting criteria such as: Operating Expenditures, Capital Improvement Expenditures, payrolls, number of employees, numbers of vehicles, etc. Claims experience has not been a factor impacting our rates.**

A member contribution (pool profit sharing) credit of \$45,568.42 will be available to the City and will be used as a credit offset to the total premium in FY 2013/14.

<b><u>Comparison by Line of Coverage</u></b>			
	<b>2012-2013</b>	<b>2013-2014</b>	<b>FY 2013-14</b>
<b>Type of Coverage</b>	<b>\$12,000,000 Limits</b>	<b>Same Limits</b>	<b>Same Limits</b>
	<b>Expiring</b>	<b>Proposal</b>	<b>Budget</b>
General Liability	\$198,928	\$225,894	\$215,646
Auto	62,422	64,566	66,104
Transit	154,231	156,479	161,943
Public Officials	30,624	30,890	32,155
Law Enforcement	32,132	32,132	33,739
Bookmobile PD	534	534	534
Bond, incl. fee	6,450	6,450	6,772
<b>Premium Totals</b>	<b>\$485,321</b>	<b>\$516,945</b>	<b>\$516,893</b>
Member Distribution (profit sharing)	<b>(41,282)</b>	<b>(45,568)</b>	<b>(41,282)</b>
<b>Total Net Cost</b>	<b>\$444,039</b>	<b>\$471,377</b>	<b>\$475,611</b>
<b>% Change</b>		<b>+6.5%</b>	

### **ALTERNATIVES:**

1. Accept the 2013/14 proposal from the Iowa Communities Assurance Pool (ICAP) in the net amount of \$471,377.
2. Reject the proposal from ICAP and have staff seek other quotations for coverage.

### **MANAGER'S RECOMMENDED ACTION:**

ICAP continues to provide acceptable casualty and liability coverage for the City of Ames. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the renewal of insurance coverage with the Iowa Communities Assurance Pool in the net amount of \$471,377.