

COUNCIL ACTION FORM**SUBJECT: RENEWAL OF ICAP MEMBERSHIP TO PROCURE CASUALTY AND LIABILITY INSURANCE COVERAGES****BACKGROUND:**

The City's annual membership in the Iowa Community Assurances Pool (ICAP) expires on June 30, 2019. **The City has been a member of ICAP since July 1, 2004, and secures its casualty and liability coverages through this membership.** ICAP provides similar protection to approximately 300 cities, 70 counties, 50 fair boards, and over 250 other public entities. ICAP is a member-owned and funded group liability pool.

The following City coverages are provided by ICAP: General (Third Party) Liability, Vehicle and Transit Bus Liability, Bookmobile Physical Damage, Public Officials Wrongful Acts, Police Professional Liability, and Employee Theft (Bond).

City staff did not seek alternatives to this program this year. Membership in the ICAP pool is a long-term commitment based on the fundamentals of rate stability, availability of coverages meeting the City's needs, and the quality of services (underwriting, loss control, and claims handling). A summary of ICAP's quote for these services showing the current and upcoming year's proposed fees is below:

	FY 2019/20 Quote	FY 2018/19 Current
Type of Coverage and Amount:	\$15 million limits	\$15 million limits
General Liability (\$2,000,000)	\$ 197,723	\$ 212,659
Bond, incl. fee	4,689	5,689
Automobile (\$2,000,000)	222,636	218,541
Public Officials (\$2,000,000)	33,908	31,125
Law Enforcement (\$2,000,000)	27,790	27,789
Bookmobile Damage (\$261,300)	578	578
Excess Liability (\$13,000,000)	116,589	118,478
Subtotal Cost	\$ 603,913	\$ 614,859
ICAP Membership Credit*	(93,414)	(109,317)
Total Net (Invoice) Cost	\$ 510,499	\$ 505,543

*See notes below related to Credit.

The quoted coverage subtotal is a slight decrease from the quote for FY 2018/19. However, this decrease is offset by a smaller membership credit from ICAP for the renewal year. Therefore, the FY 2019/20 Total Net Cost is a 1% increase over the Total Net Cost for FY 2018/19. The membership credit varies each year and is based on the size and financial condition of the pool, including such factors as loss experience and investment income. This year's credit is \$93,414. As in past years, this amount will be used to directly offset the July 1 renewal invoice.

The FY 2019/20 Budget includes funding in the amount of \$635,548 for liability coverage. This budgeted amount is prepared without the ICAP Membership Credit included, because this credit is not guaranteed and fluctuates from year to year. Any savings that remain in the Risk Management Fund are used to pay deductibles for claims and to lower the amounts charged to departments for liability coverage in future budget years.

ALTERNATIVES:

1. Accept the quote for renewal of the City's membership in the Iowa Communities Assurance Pool (ICAP), with the net cost of \$510,499 for the coverages indicated above.
2. Direct staff to seek other alternatives for casualty and liability insurance.

CITY MANAGER'S RECOMMENDED ACTION:

The City's membership in ICAP continues to result in receiving excellent casualty and liability coverages and associated services at a competitive price.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby accepting the quote for renewal of the City's membership in the Iowa Communities Assurance Pool (ICAP), with the net cost of \$510,499 for the coverages indicated above.