

**COUNCIL ACTION FORM**

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

**BACKGROUND:**

The policy for the City's liability coverage expires on July 1, 2008. The coverage has been placed with the Iowa Communities Assurance Pool (ICAP) since July 1, 2004. With this renewal, we will have four years in ICAP's program.

The following coverages are part of the program provided by ICAP:

- General Liability
- Automobile Liability
- Transit (CyRide)
- Public Officials
- Law Enforcement Activities
- Excess Liability (\$5M of coverage over the primary coverage of \$1M)

Staff did not seek alternatives to this program. The relationship with ICAP continues to be a good one.

The renewal quotation costs by area of coverage are presented below.

	<b>07-08 General Liability</b>	<b>08-09 Budget</b>	<b>08-09 Proposal</b>
<b>General Liability</b>	\$145,101.	\$157,038.	\$143,258.
<b>Auto</b>	54,251.	58,237.	58,237.
<b>Transit</b>	84,316.	93,793.	89,419.
<b>Public Officials</b>	26,502.	28,922.	28,568.
<b>Law Enforcement</b>	21,549.	23,430.	23,430.
<b>Excess</b>	<u>54,885.</u>	<u>52,526.</u>	<u>55,863.</u>
	<b>\$386,604.</b>	<b>\$413,946.</b>	<b>\$398,775.</b>

The proposal from ICAP is \$15,171 lower than the FY 08-09 budget estimate.

At the end of the 2008-09 fiscal year, the City will have \$622,631 in its cumulative reserve fund (see attachment). It fully vests in July 2010, and we will be eligible for membership rebates.

**ALTERNATIVES:**

1. Accept the proposal from the Iowa Communities Assurance Pool in the amount of \$398,775.
2. Reject the proposal from ICAP and have staff seek other quotations for coverage.

**MANAGER'S RECOMMENDED ACTION:**

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 amount of \$398,775.

## IOWA COMMUNITIES ASSURANCE POOL

### ACCUMULATION OF CITY OF AMES' RESERVE FUND

This example is based on the actual contribution for the City of Ames and makes the assumption that subsequent contributions would be identical. The establishment of the Cumulative Reserve Fund and the vested amount to be available for refund are according to Page 6 of the Intergovernmental Contract.

<u>Year</u>	<u>Actual Contribution</u>	<u>Basis Rate</u>	<u>CRF Contribution</u>	<u>Percentage to CRF</u>	<u>Cumulative Reserve Fund Total</u>	<u>Vested Percentage</u>	<u>Vested Total</u>
2004	\$355,694	\$268,246	\$268,246	100.00%	\$268,246	50.00%	\$134,123
2005	\$312,027	\$235,314	\$176,486	75.00%	\$444,732	60.00%	\$266,839
2006	\$312,027	\$235,314	\$117,657	50.00%	\$562,389	70.00%	\$393,672
2007	\$312,027	\$235,314	\$70,594	30.00%	\$632,983	80.00%	\$506,387
2008	\$312,027	\$235,314	\$58,829	25.00%	\$691,812	90.00%	\$622,631
2009	\$312,027	\$235,314	\$47,063	20.00%	\$738,875	100.00%	\$738,875

If this entity elects to withdraw from ICAP, according to the Intergovernmental Contract, the vested amount is refunded " . . . less the Annual Budgetary Contribution, which the withdrawing Member would have made for the fiscal year following withdrawal."