

COUNCIL ACTION FORM

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

BACKGROUND:

The City's casualty and liability coverage insurance policy expires on June 30, 2012. 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 nearly 640 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 this renewal, the City of Ames will have seven years in ICAP's program. In late August or early September the City will receive the third of three checks in the amount of \$70,484.62, which will be used to offset premium costs that are allocated to City departments.

In addition, there is a member distribution redemption which is an amount that varies depending on the amount of investment income earned by the pool during the prior policy year. For the 2012/13 policy year, the City of Ames will receive \$41,282.35 that will be credited against the premium invoice.

The following coverages are provided by ICAP:

- General Liability
- Automobile Liability
- Automobile Physical Damage for Bookmobile
- Transit (CyRide)
- Public Officials
- Law Enforcement Activities
- Fidelity Bond

Staff did not seek alternatives to this program this year. The relationship with ICAP continues to be a solid and we have been receiving quality claims and loss control services. The only major ICAP coverage change for the 2012/13 policy year is the elimination of property coverage for the Ice Arena, which is being moved to the main property insurance program for the City beginning on July 1st.

	2011-2012 \$12.0 M Limits Expiring	2012-2013 \$12.0 M Limits Proposal
General Liability	\$194,514	\$198,928
Auto	61,894	62,422
Transit	152,927	154,231
Public Officials	29,982	30,624
Law Enforcement	31,473	32,132
Auto PD Bookmobile	534	534
Bonds, incl. fee	<u>6,450</u>	<u>6,450</u>
	\$477,774	\$485,321
Member Distribution	<u>(32,763)</u>	<u>(41,282)</u>
Total	\$445,011	\$444,039

ALTERNATIVES:

1. Accept the 2012/13 proposal from the Iowa Communities Assurance Pool in the net amount of \$444,039.
2. Reject the proposal from ICAP and have staff seek other quotations for coverage.

MANAGER'S RECOMMENDED ACTION:

ICAP continues to provide acceptable property and casualty 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 \$444,039.