

ITEM#: 20
 DATE: 06-14-22

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, 2022. **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 insurance pool for Iowa public entities.

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, Cyber Breach/Liability and Employee Theft (Bond).

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 2021/22 Current | FY 2022/23 Quote |
|---------------------------------|-------------------------------|-----------------------------|
| Type of Coverage and Amount | \$15 million limits | \$15 million limits |
| General Liability (\$2,000,000) | \$188,353 | \$218,695 |
| Bond, incl. fee | 4,689 | 4,683 |
| Automobile (\$2,000,000) | 202,529 | 222,783 |
| Public Officials (\$2,000,000) | 42,243 | 52,545 |
| Law Enforcement (\$2,000,000) | 36,324 | 39,958 |
| Bookmobile Damage (\$261,300) | 649 | 702 |
| Excess Liability (\$13,000,000) | 126,138 | 151,245 |
| Cyber Liability | | |
| Total Invoice Cost | \$600,925 | \$690,611 |

The quote for coverage is an increase in the gross premium from the quote for FY 2021/22. However, ICAP has added Cyber Breach coverage at the policy limits for this renewal. Previously, ICAP only offered Cyber Breach coverage up to \$25,000.

In the FY 2020/21 and prior renewals, ICAP provided a membership credit for long-standing ICAP members such as Ames. This credit varied, but could

substantially reduce the net cost of ICAP coverage. For FY 2021/22, no membership credit was provided due to increasing claims against the overall ICAP pool. This year, ICAP is once again not offering a membership credit. Therefore, the FY 2022/23 Total Invoice Cost of \$690,611 is an increase of 15% from the Total Invoice Cost for FY 2021/22.

City staff prepares budget estimates based on the assumption that no membership credit will be received. **Therefore, the FY 2022/23 Budget includes funding in the amount of \$695,208 for liability coverage, which is sufficient to cover the quoted cost of coverage with ICAP.**

ALTERNATIVES:

1. Accept the quote for renewal of the City's membership in the Iowa Communities Assurance Pool (ICAP), with the cost not to exceed \$690,611 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, as described above.