

Insurance Renewals





Discussion



- Background
- History of Premium
- Deductible and Retention changes
- Workers' Compensation
- Considerations of the Arizona Municipal Risk Retention Pool, (AMRRP), and Travelers Insurance
- Questions and Discussion

A TEN Million Dollar Discussion





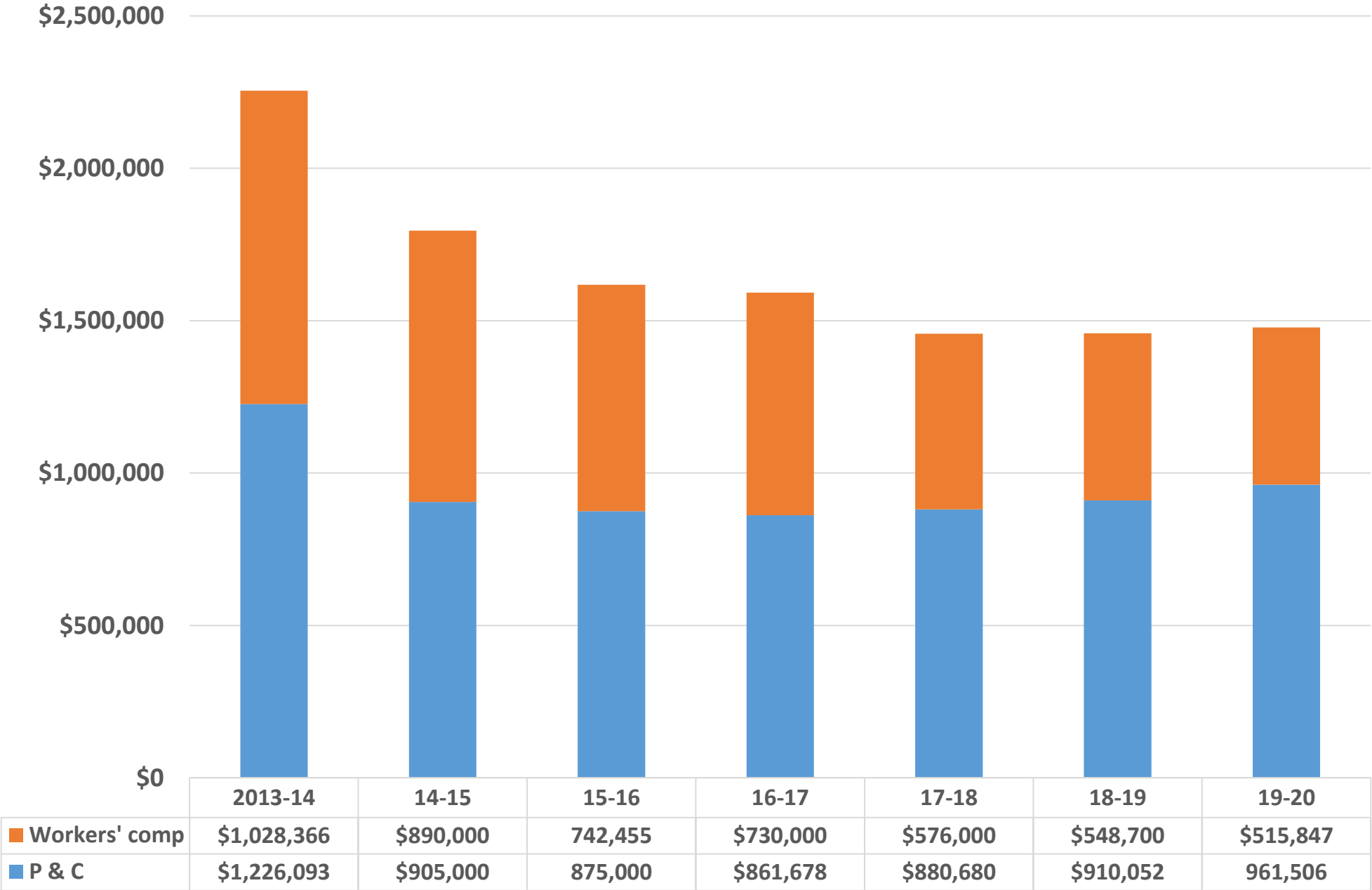
Background



- Our property insurance carrier non renewed due to the roof claim in Council Chambers
- Our Workers' Compensation Carrier non renewed any policy holder who employed firefighters due to the Cancer Presumption law
- 15% increases in each were predicted at last year's Council presentation

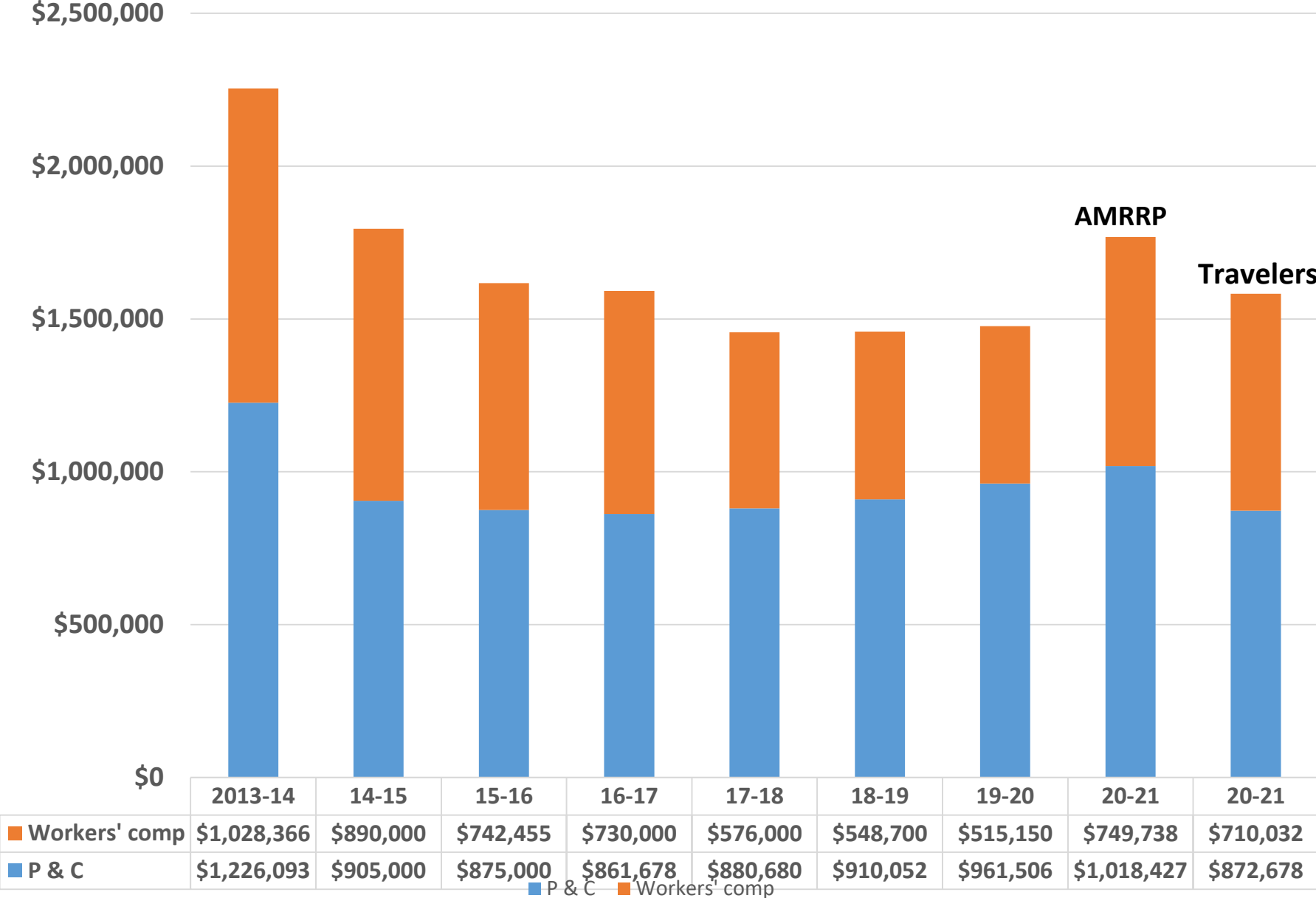
Claims Management
versus
Risk Management

Renewals After a Change in our Program



■ P & C ■ Workers' comp

Annual Premium





Broad Types of Insurance

- Property
- Liability
- Auto
- Crime
- Excess or Umbrella
- Cyber
- Airport Liability / Ten million under a separate policy
- Workers' Compensation

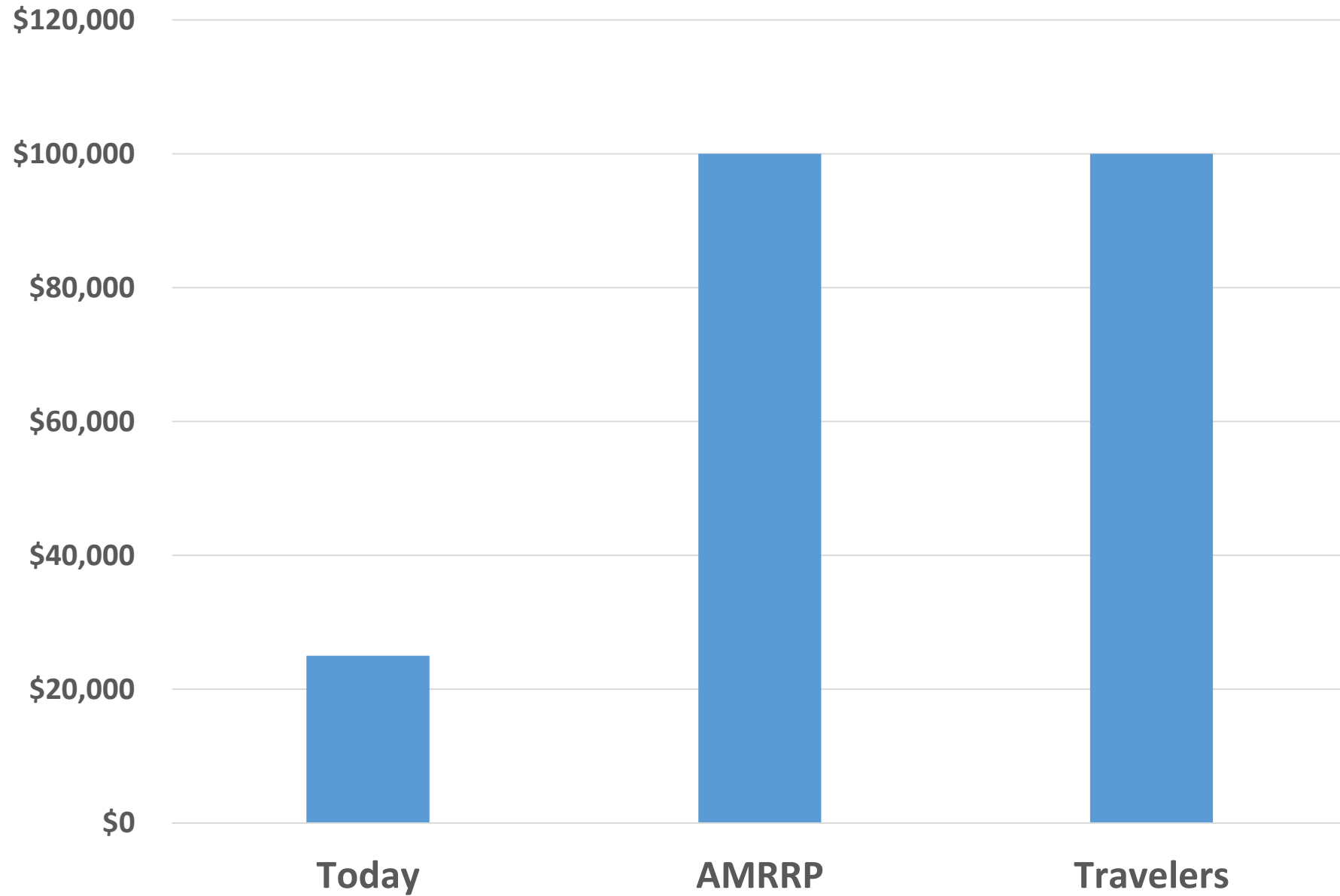


Deductible verses Self Insured Retention



- We currently use a combination of Deductibles and Self insured Retentions
- Deductibles we pay nothing in legal fees and expenses only a the loss or settlement
- Self Insured Retention we pay all legal fees

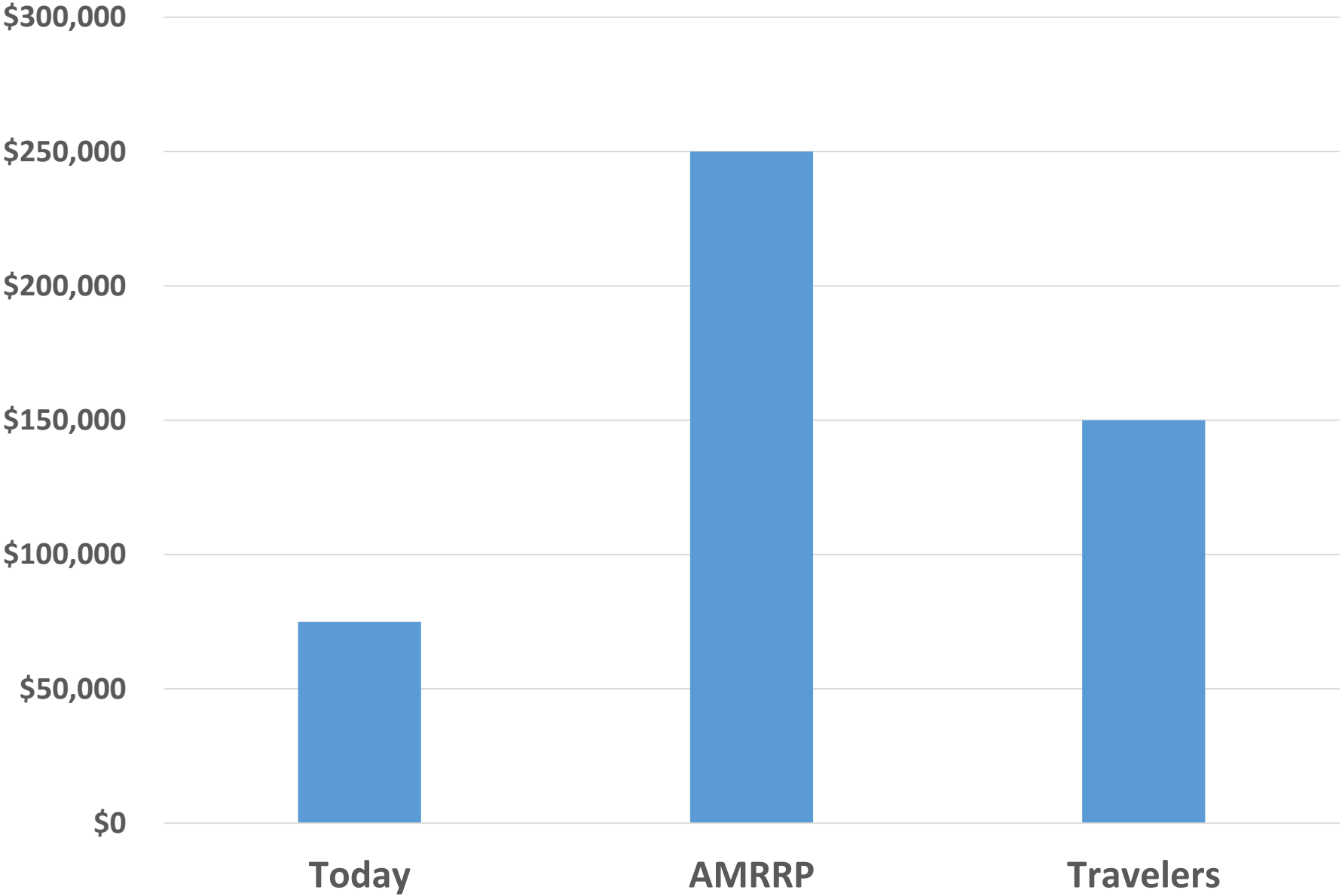
Property Insurance



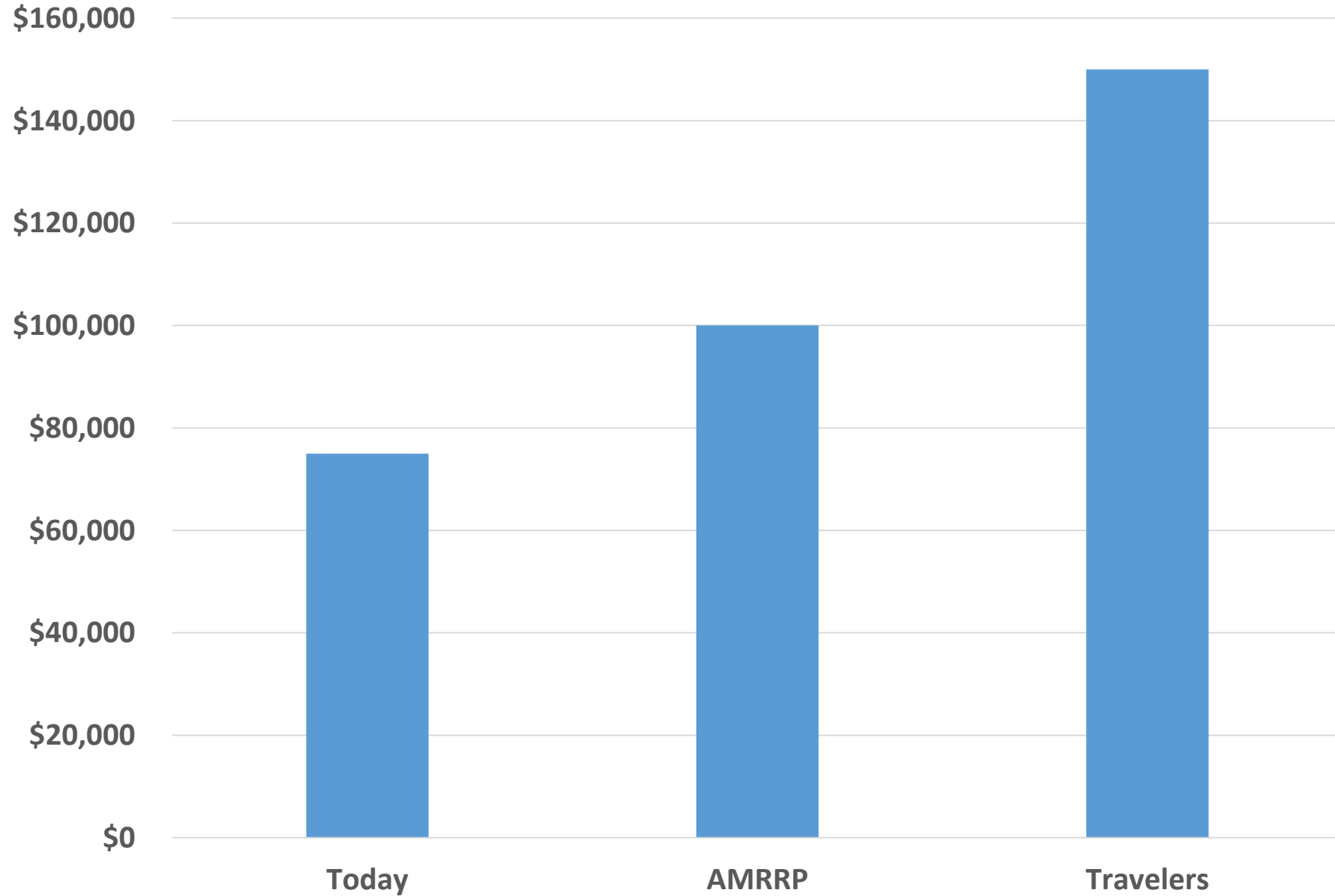
Property

- Current carrier non renewed due to claims
- We have had a total of three property losses in the last six years
- The six year premium savings with a change increase in our deductible to \$100,000 would have saved \$270,000
- This staff recommendation is included in the proposals

General Liability



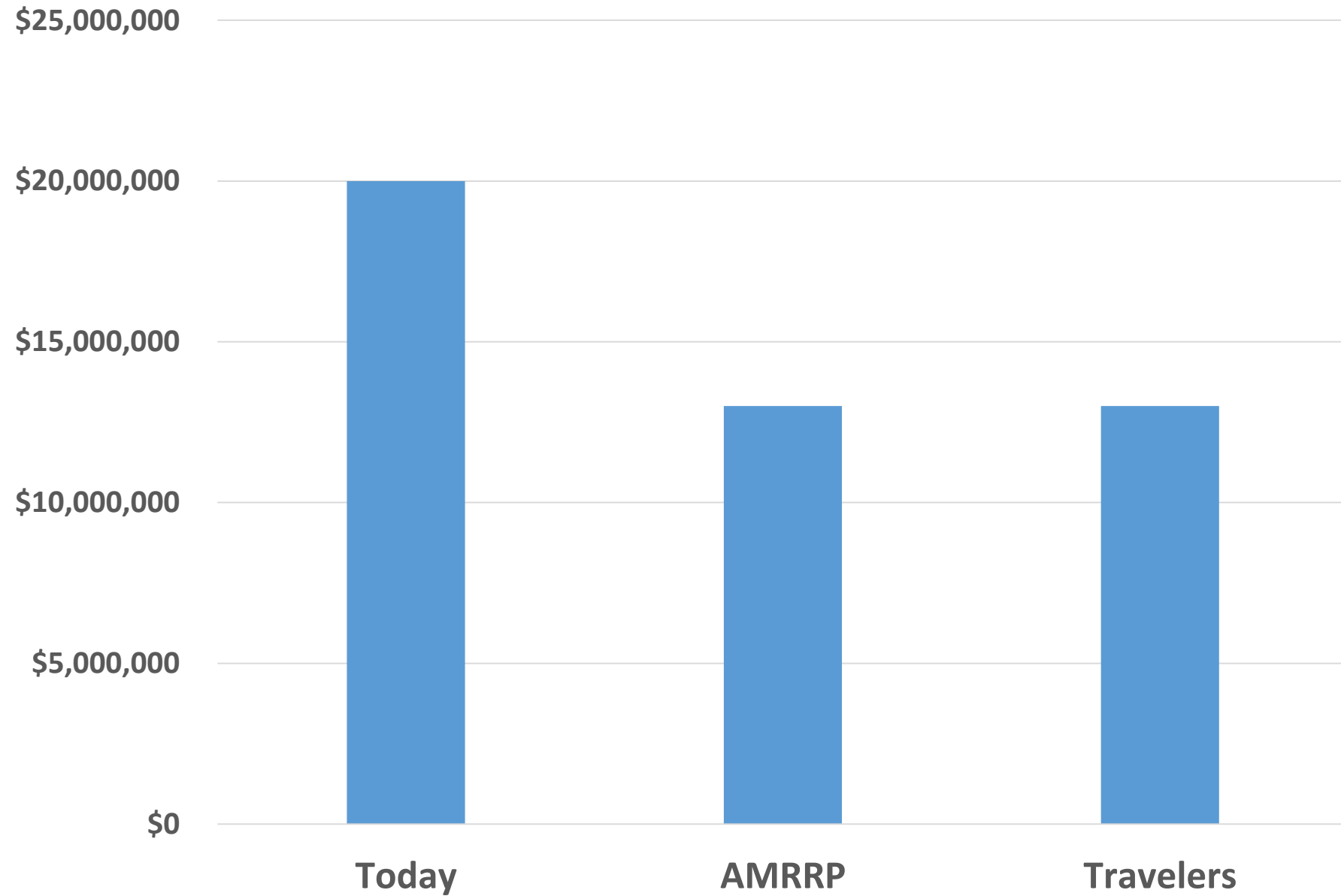
Auto Liability



General and Auto Liability

- We have had one auto claim and three general liability claims that have exceeded our Self Insured Retention of \$75,000 over six years
- With Travelers and an increased Self insured retention we would have had premium savings of \$312,000
- With AMRRP and increased deductibles we would have had a net savings of \$590,000
- This staff recommendation for changes in self insured retentions and deductibles is included in the proposals

Umbrella/ Excess



Umbrella Excess Coverage

- Current 20 million coverage reduced to 13 million
- Six year premium savings of \$95,000
- We have had no General or Auto liability claims that have exceeded \$200,000 in the last six years and only one, just under 1.5 million, in the last ten years
- This staff recommendation of reduced coverage is included in the proposals

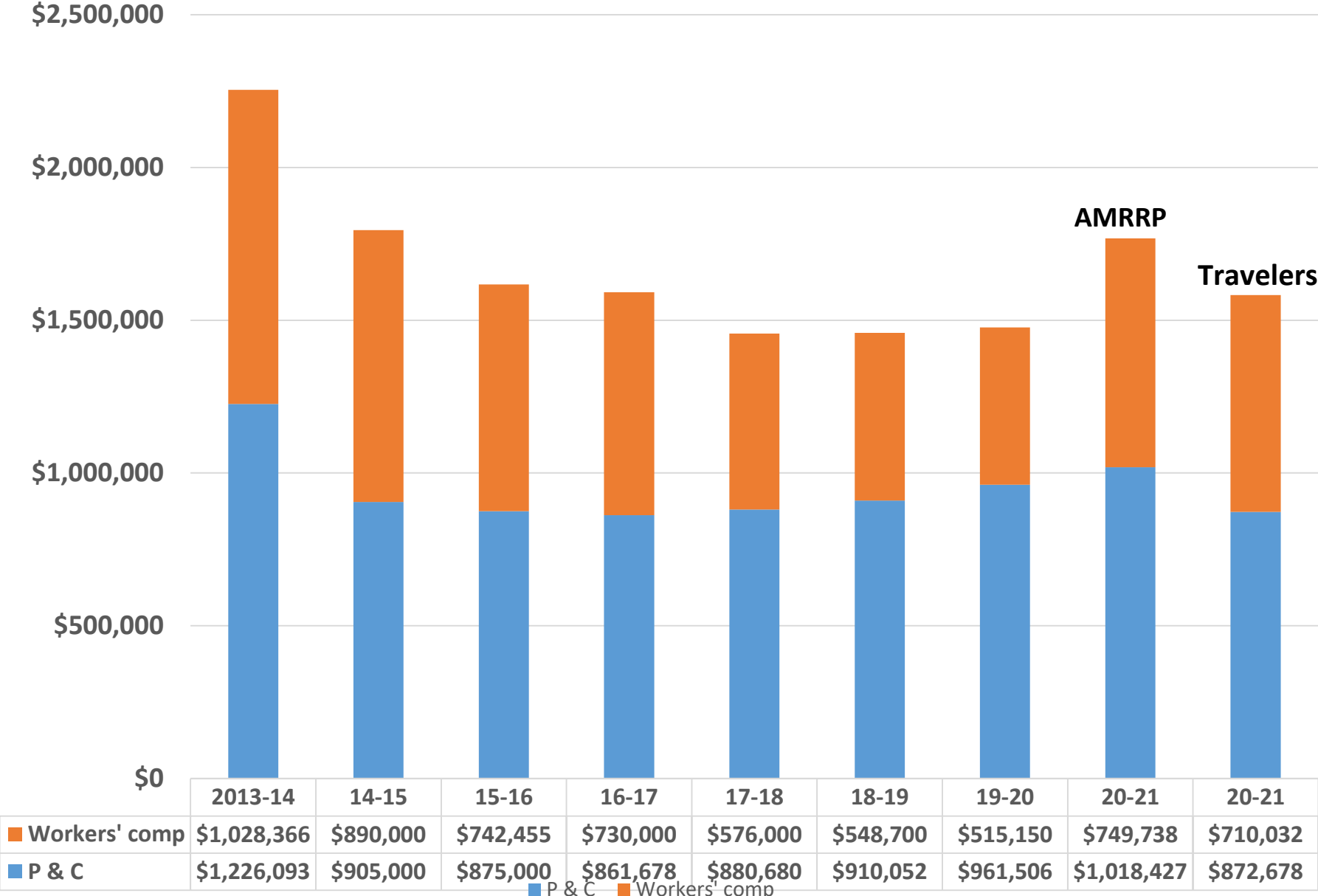
Workers' Compensation



Workers' Compensation

- Claim frequency reduced nearly 50% over the last six years
- Impact of Post Traumatic Stress Disorder, (PTSD) claims and the Cancer Presumption law, when passed, are unknown. There will be more claims than today and they will be at a greater cost than our historic claims
- PTSD and Cancer presumption claims would have a major financial impact if we were to self insure

Annual Premium



Considerations

AMRRP

- Certificate tracking program
- Free windshield replacement
- Legal fees included \$50,000 to 100,000 savings estimated annually
- Land Use liability coverage
- Land Use Assistance Line

Travelers

- Known Claims practice
- Ability to select attorneys
- \$185,000 less premium
- Relationships with underwriters
- Price more sensitive to our loss control efforts

Considerations

AMRRP

- EEOC position statements included
- Personnel liability claims legal counsel included
- Coverage Commitment
- Dividend potential

Travelers

- Early claims intervention supported
- Assigned single point senior adjuster
- \$40,000 less for guaranteed Workers' Compensation coverage

Financial Consideration

\$185,365

AMRRP

- \$1,768,075

Travelers with Liberty Mutual on Property

- \$1,582,710

Discussion

