



MEMORANDUM

TO: Steve Ehlmann, County Executive  
Joann Leykam, Director of Administration  
Cc: Bob Schnur, Director of Finance  
FROM: Ed Noonan, Risk Manager  
RE: 2019-2020 Property & Casualty Insurance Renewal

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Arthur Gallaher, County's insurance consultant, solicited proposals for the above renewals. The renewal needs to become effective May 1<sup>st</sup> to replace the County's current policy which expires at that time. There are 2 major components of the program; property and auto/general liability as well as smaller components of excess workers compensation for claims exceeding \$500,000, crime, medical professional and coverage for drone usage.

**Workers Compensation** – May 1, 2019-April 30, 20120 would be year two with premium rates staying flat. The cost of the policy is the flat rate x payroll. Thus, there will be an approximate \$10,600 dollar increase due to increased payroll, bringing the total to \$176,000.

**Crime** coverage for 2019-2020 is increasing \$126, up from \$4,156.

**Medical Professional** is quoted at \$14,879, however we feel that can be cancelled in light of revising the liability program (see below).

**Drone** coverage with combined single per occurrence limits (property and bodily injury) of \$5.0MM is \$1,260.

**Property**, insured through the Chubb group of companies has held their rate flat for the coming year. Like worker's compensation, the premium for property is the rate x the value of the buildings. There will be an \$18,000 increase in premiums driven by the completion of the new EOC, as well as Police and Justice Center Medical area renovations.

**Liability:** Proposals were requested from six qualified carriers identified by Arthur Gallagher brokerage, Three of these responded. Argonaut, the incumbent, would not quote under the same terms and conditions as the expiring policy. In addition to a premium increase of \$40,000 to \$355K they are increasing retentions for auto, general and law enforcement from \$100K to \$150K and Public Officials and Employment Practices from \$100K to \$250K. Limits would remain at \$8MM/\$10MM. Their program does not provide for Medical Professional liability, an additional \$15,000 premium. The Berkley Group presented two options one at \$5MM/\$10MM for \$300,000 in premium, a second option at \$8MM/\$10MM for \$410,000. All retentions would be at \$250,000

however their program includes Medical Professional written on a claims made basis so the current (and proposed Medical Professional policy could be cancelled, thereby reducing the comparable premium to \$395K. Old Republic submitted an offer for identical limits and retentions at a premium of \$455K.

Although Berkley has a higher premium, looking at all coverages and our experience with Argonaut over the past two years, Finance would recommend changing to the Berkley program and leave the other coverages (crime, Work Comp and property) in place. Sufficient funds are allocated in the 2019 budget to cover these expenses.

If you are in agreement please forward to Council for inclusion on the upcoming consent agenda.