

STAFF REPORT

Date Prepared: 6/5/15

For City Council Meeting on: 6/8/15

TO: Honorable Mayor and City Council

PREPARED BY: Marianne Bump, Finance Officer *MB*

APPROVED BY: Gordon Zimmerman, City Administrator *GZ*

SUBJECT: Approve the renewal of Property and Liability Insurance and Workers Compensation Insurance for fiscal year ending June 30, 2016.

SYNOPSIS: Each year the City is required to renew Property/Liability Insurance and Workers Compensation Insurance. CIS continues to provide excellent service and staff recommends we renew our insurance policy with this provider.

CITY COUNCIL OPTIONS:

1. Approve Insurance Renewal with CIS.
2. Establish other direction for staff to proceed
3. Take no action

RECOMMENDATION: The City Council, by motion, approve Property, Liability, and Workers Compensation Insurance renewal.

Legal Review and Opinion: N/A

Financial review and status: In the budget for FY 2015-2016 staff has budgeted for these expenses throughout the funds in the line item marked Insurance.

BACKGROUND INFORMATION:

1. Property/Liability Insurance and Workers Compensation renewal summary is attached.

Property and Liability Insurance Renewal Proposal

July 2015

"The Heart of the Columbia River Gorge"



Steve Uerlings, CIC, ARM, CRM
President

Michael G. Hoyt, CIC
Senior Account Executive

BARKER UERLINGS
INSURANCE

**340 NW Fifth Street
541-757-1321
800-284-1321**

May 27, 2015

May 27, 2015



City of Cascade Locks

Gordon Zimmerman, City Administrator
Marianne Bump, Finance Officer/Recorder

Re: 2015 Insurance Renewal

As Agent of Record for the City of Cascade Locks, we recommend the following program for the Property & Liability, and Workers' Compensation Insurance coverages that renew effective July 1, 2015:

1. Commercial Property, including Equipment Breakdown coverage written with **City County Insurance Services (CIS)** for an annual premium of **\$28,845**. The City discontinued Excess Earthquake coverage effective 7/1/2013 when the pricing increased from \$2,500 to \$15,000. Considering the City's total property values, we recommend that the City once again purchase the additional \$5M of earthquake coverage (\$10M total) if the budget allows for the premium increase.
2. Public Entity Liability, Automobile Liability and Automobile Physical Damage coverages at a \$5,000,000 occurrence limit and a \$15,000,000 aggregate limit with **City County Insurance Services** for an annual premium of **\$31,061**.
3. Excess Crime (Employee Dishonesty) coverage written with **CIS** at an annual premium of **\$478**. This provides crime coverage with a limit of \$100,000 coverage in excess of the \$50K limit provided by the **CIS** property policy, and also includes Faithful Performance of Duty coverage. The City may also want to consider Excess Cyber Liability coverage at limits of \$250K up to \$1M, above the current limit of only \$50K. The premiums for higher limits are shown on the Renewal Summary, Footnote #4.

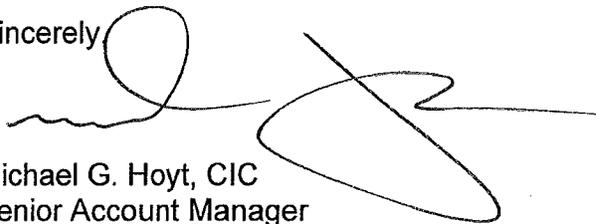
SINCE 1911
340 NW Fifth Street
P.O. Box 1378

4. The City of Cascade Locks also has an Accident & Sickness policy for the Fire and Emergency Medical staff including coverage for volunteers. A three-year policy written with **VFIS** renews effective 7/1/15 with annual installments of **\$1,600**.
5. The annual estimated contribution for your Workers' Compensation coverage as offered by **City County Insurance Services** is **\$25,267**, which includes your experience rating modification (ERM) factor of .98, a multi-line credit and the applicable State of Oregon premium assessments. This is a slight decrease in the estimated annual premium compared to last year's \$25,925.

The annual insurance premiums for each line of coverage including the applicable CIS discounting are shown on the attached Renewal Summary and Workers' Compensation Analysis spreadsheets. The annual premiums for your property, liability and auto coverages with **City County Insurance Services** will be **\$55,733**, an increase of \$2,127 or 3.8% compared to the 2014/2015 policy term. This is actually lower than the projected average premium increase for most CIS members insured through the Property/Casualty Trust.

Please review the attached renewal documentation and let me know if you have any questions. You should be receiving the actual invoices directly from CIS soon. I'm looking forward to a trip to Cascade Locks in the near future to deliver your policy notebook and discuss any issues you might have related to the insurance renewal.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael G. Hoyt". The signature is fluid and cursive, with a large loop at the end.

Michael G. Hoyt, CIC
Senior Account Manager

**City of Cascade Locks
2015 / 2016 Renewal Summary**

as of 5/27/15

COVERAGE	2014 - 2015		2015 - 2016			
	Limits	Premiums	Limits	Premiums		
Property & Inland Marine	Buildings / Premium	\$19,540,806	\$27,729	\$19,439,482	\$28,845	(1)
	Contents	\$1,093,096		\$1,114,958		
	Property in Open	\$112,506		\$114,756		
	Mobile Equipment	\$786,528		\$743,850		
	Deductible	\$1,000		\$1,000		
Earthquake	Limit	\$5,000,000	Included	\$5,000,000	Included	
	Deductible*	See Policy		See Policy		
Excess Earthquake	Limit	\$5,000,000	N/A	\$5,000,000	N/A	(2)
	Deductible*	See Policy		See Policy		
Water Damage (Flood)	Limit	\$5,000,000	Included	\$5,000,000	Included	
	Deductible*	See Policy		See Policy		
General Liability	Limit / Per Occurrence	\$5,000,000	\$14,530	\$5,000,000	\$15,821	
	Aggregate	\$15,000,000		\$15,000,000		
	Deductibles	None		None		
Automobile Liability	Limit / Per Occurrence	\$5,000,000	\$7,398	\$5,000,000	\$6,738	
	Aggregate	n/a		n/a		
Automobile Physical Damage	Deductibles	\$100/\$500	\$7,778	\$100/\$500	\$8,502	
	Number of Units	20		20		
Equipment Breakdown	Limit	Per SOV	Included	Per SOV	Included	
	Deductible	\$1,000		\$1,000		
Excess Crime	Limit	\$100,000	\$478	\$100,000	\$478	(3)
	Deductible	\$1,000		\$1,000		
Total Premiums			\$57,913		\$60,384	
Multi-Line/Dividend Credit			(\$4,307)		(\$4,493)	
Bonus Program Credit			\$0		(\$158)	
Net CIS Premium			\$53,606		\$55,733	% Change 3.8%
Accident/Sickness Policy -- VFIS			\$1,420		\$1,600	(4)
TOTAL PREMIUMS			\$55,026		\$57,333	\$ Change \$2,307 % Change 4.02%

Footnotes:

- (1) Buildings, contents and property in the open were trended 2% each by CIS for this renewal.
- (2) Additional premium for \$5M Excess Earthquake coverage = \$15K.
- (3) Additional premium for excess cyber liability at \$250K = \$1,994; \$500K = \$2,129; \$1M = \$2,408.
- (4) Premium shown is the first annual installment for a three-year policy effective 7/1/2015.

**CITY OF CASCADE LOCKS
WORKERS' COMPENSATION ANALYSIS
FOR THE PERIOD 7/1/2015 - 7/1/2016**

CODE	DESCRIPTION	2014-2015			2015-2016		
		ESTIMATED PAYROLL	CIS RATES	CIS PREMIUM	ESTIMATED PAYROLL	CIS RATES	CIS PREMIUM
5506	Street / Road Maintenance	\$21,163	10.31	\$2,182	\$20,663	10.52	\$2,173
7520	Water	\$39,861	5.38	\$2,143	\$39,342	5.48	\$2,156
7539	Municipal Power Company	\$341,069	3.27	\$11,136	\$340,242	3.46	\$11,775
7580	Sewer	\$11,797	4.65	\$548	\$11,287	4.74	\$535
7610	Radio / TV Broadcasting, Clerical 7 Drivers	\$9,200	0.56	\$51	\$1,200	0.56	\$7
7710	Fire/Ambulance Drivers	\$93,762	4.44	\$4,162	\$94,770	4.44	\$4,207
8411	Public Safety Volunteers	\$60,000	2.10	\$1,261	\$60,000	2.15	\$1,292
8411F	Volunteer Fire Fighters	\$23,200	2.10	\$487	\$22,400	2.15	\$462
8411FC	Fire Chief/Assistant Fire Chief	\$0	2.10	\$0	\$0	2.15	\$0
8742V	Volunteer Boards/Commissions Public Officials	\$17,500	0.38	\$67	\$15,000	0.39	\$59
8742	City Administrator	\$64,263	0.38	\$245	\$63,057	0.39	\$247
8810	Clerical	\$173,716	0.38	\$662	\$171,174	0.39	\$670
9015	Building Maintenance & Lifeguards	\$48,641	4.56	\$2,219	\$47,046	4.56	\$2,147
9220	Cemetery	\$1,992	6.98	\$139	\$1,993	6.98	\$139
9402	Street/Sewer Cleaning & Snow Removal	\$2,500	7.58	\$190	\$2,400	7.58	\$182
ESTIMATED MANUAL CONTRIBUTION		\$908,664		\$25,493	\$890,574		\$26,070
Increased Limits Factor				Included			Included
Experience Rating Modification Factor				1.02			0.98
Estimated Adjusted Contribution				\$26,003			\$25,548
State of Oregon Premium Assessment				\$1,872			\$1,635
Multi Line Credit				-\$1,950			-\$1,916
ESTIMATED ANNUAL CONTRIBUTION				\$25,925			\$25,267