City of Carroll

627 N. Adams Street Carroll, Iowa 51401 (712) 792-1000 FAX: (712) 792-0139

MEMO TO: Mike Pogge-Weaver, City Manager MSPW

FROM: Laura A. Schaefer, Finance Director/City Clerk LAS

DATE: June 9, 2021

SUBJECT: Annual Property & Liability Insurance Renewal

The City's property, liability and worker's compensation insurance is due for renewal on July 1, 2021. Attached is a comparison of premiums for the upcoming year and the past two years. All coverage is through Mid-Iowa Insurance (ICAP and IMWCA).

The total cost is $308,749.00 which is $53,720.50 more than the previous year. There are a number of reasons for the increase in premium this year as discussed below:

1. For many years, ICAP has given their members a credit as a way to pay back their members for good years of operations. However, the derecho that moved across the state on August 10, 2020, hit many cities hard. ICAP decided not to give a credit as many claims were paid to repair cities after the derecho.

2. Per information received from Mid-Iowa Insurance, ICAP rates the City's liability premium based upon the city's upcoming budgeted expenses and a five-year loss ratio. Typically, the city's budgeted expenses increase each year.

3. Property insurance typically goes up each year as the building values are increased to help cover for cost of construction inflation.

4. The worker's compensation premium increased due mainly to an overall increase in payroll expense. The new code enforcement officer position is included in this FY 22 premium. Worker's compensation insurance is also based on other factors including an experience mod factor. The mod is based upon many things including the number and severity of claims. The City's mod factor did decrease from 0.73 to 0.72 for this renewal. However, based upon our worker compensation case experience this past year, we do anticipate the experience mod factor to increase next year. At this time, we do not know how much it will increase.

Currently, the City has $5 million of liability coverage. City staff requested a quote to increase the liability coverage in $1 million increments. For an additional $1 million of liability coverage, this year it would cost an additional $1,435 from what is currently presented on the attached comparison. Per information received from Mid-Iowa Insurance, a majority of cities of comparable size to Carroll that are covered by ICAP have $5 million of liability coverage. Council has the option to change liability limits any year or leave the same.

These insurance renewal premiums are more than the FY 2022 budget amount of $292,129.00. The City can either use General Fund reserve balances to cover the difference or ask for taxes in FY 2023. These options will be evaluated when preparing the FY 2023 budget.

The premiums are due July 1. As in the past, we are requesting Council consideration and approval to pay the premiums on July 1, 2021 out of the FY 2021/2022 budget.

RECOMMENDATION: Council discussion and action of the following:

1. Decision to increase the limit liability or leave the same.
2. Approval of the attached resolution approving contracts for property, liability and worker's compensation insurance coverage which includes payment of premiums on July 1, 2021 and appoint City Manager Mike Pogge-Weaver and City Clerk/Finance Director Laura Schaefer as contacts to act as liaisons between the City and ICAP.

RESOLUTION NO. _____

A RESOLUTION APPROVING CONTRACTS FOR LIABILITY, PROPERTY AND WORKER COMPENSATION INSURANCE COVERAGES

WHEREAS, Chapter 17, of the Code of Ordinances of the City of Carroll, Iowa, provides that all contracts made by the City be reduced to writing and approved by the City Council by resolution; and

WHEREAS, it is determined that the approval of contracts with Iowa Community Assurance Pool (ICAP) for liability and property insurance coverage and with Iowa Municipal Workers Compensation Association (IMWCA) for worker compensation insurance coverage effective July 1, 2021 to June 30, 2022 is in the best interest of the City of Carroll, Iowa;

WHEREAS, City Manager Mike Pogge-Weaver is appointed as the primary contact and City Clerk/Finance Director Laura Schaefer is appointed as the alternate contact to act as liaisons between the City of Carroll and ICAP for purposes of relating risk reduction and loss control information, and any other loss information or instructions concerning the obligations of the City imposed by signing the Iowa Risk Management Agreement.

NOW, THEREFORE, BE IT RESOLVED that the contracts with Iowa Community Assurance Pool (ICAP) for liability and property insurance coverage and with Iowa Municipal Workers Compensation Association (IMWCA) for worker compensation insurance coverage be authorized and approved and appoint City Manager Mike Pogge-Weaver and City Clerk/Finance Director Laura Schaefer as contacts to act as liaisons between the City and ICAP.

PASSED AND APPROVED by the City Council of the City of Carroll, Iowa, this 14th day of June, 20.

CITY COUNCIL OF THE
CITY OF CARROLL, IOWA

BY:_____
Eric P. Jensen, Mayor

ATTEST:

By:_____
Laura A. Schaefer, City Clerk

CITY OF CARROLL

Premium Comparison

	FY 19/20	FY 20/21	FY 21/22
Iowa Community Assurance Pool (ICAP)			
General Liability	$ 67,404.00	$ 69,818.00	$ 79,649.00
Auto Liability	$ 11,664.00	$ 11,995.00	$ 12,049.00
Auto Physical Damage	$ 17,981.00	$ 19,403.00	$ 20,093.00
Public Officials Liability	$ 3,549.00	$ 3,632.00	$ 3,995.00
Police Professional	$ 5,800.00	$ 5,800.00	$ 6,960.00
Sub-Total:	**$ 106,398.00**	**$ 110,648.00**	**$ 122,746.00**
Less Credit:	$ (19,005.13)	$ (14,482.50)	$ -
Total:	**$ 87,392.87**	**$ 96,165.50**	**$ 122,746.00**
ICAP PROPERTY (including Inland Marine and boiler coverage)	**$ 109,834.00**	**$ 113,651.00**	**$ 133,407.00**
Iowa Municipal Workers Comp. Assoc.			
Worker's Compensation	$ 53,528.00	$ 48,050.00	$ 52,596.00
Audit Adjustment	$ 1,419.00	$ (2,838.00)	to be adjusted
Total:	**$ 54,947.00**	**$ 45,212.00**	**$ 52,596.00**
Phoenix Aviation			
Airport Liability	**$ 3,956.00**	**$ -**	**$ -**
TOTAL PREMIUM:	**$ 256,129.87**	**$ 255,028.50**	**$ 308,749.00**