

Risk Management Trust Board

Virtual Meeting

Thursday, June 16, 2022

5:00 p.m.

Members of the Board will attend virtually.

Ways to connect:

1. On your computer/tablet (*Recommended*)
 - a. Click on this [Cisco Webex Event Address for attendees](#).
 - b. Enter "RMTB" in the prompt "enter the meeting password".
2. On your phone - Dial in at 408-418-9388, Event number is 2493 371 7764

Due to health and safety concerns pertaining to Coronavirus (COVID-19), this meeting will be held virtually through Cisco WebEx Events. Written comments regarding agenda items may be submitted via email to alex_chin@tempe.gov no later than 5:00 p.m. on Wednesday, June 15, 2022.

AGENDA

1. **Call to Order**
2. **Approval of the April 27, 2022, Board Meeting Minutes**
3. **Alliant Renewal Update**
4. **June 23rd Council Meeting Agenda Items**
5. **Board Member & Staff Announcements**

Board members and staff may make announcements regarding current events that are not listed on the agenda. No discussion or legal action will be taken regarding these announcements.

6. **Public Appearances**

The Risk Management Trust Board welcomes public comment. According to the Arizona Open Meeting Law, the Board may only discuss matters listed on its meeting agendas. Matters brought-up by the public under public appearances that are not listed on the meeting agenda cannot be discussed by the Board. A three-minute time limit per person will be in effect.

The City of Tempe endeavors to make all public meetings accessible to persons with disabilities. Special assistance is available at public meetings for sight and/or hearing-impaired persons. To request an accommodation, please contact the City Clerk's Office within 72 hours' advance notice to ensure availability at 480-350-4311 (voice) or 7-1-1 (relay users) or at clerk@tempe.gov .

Minutes Risk Management Trust Board May 23, 2022

Minutes of the Risk Management Trust Board meeting held virtually via Cisco Webex on May 23, 2022, at 5:00 p.m.

Board Members Present:

Robin Arredondo-Savage
Heather Bilodeau
Jerry Hart
Tom Duensing, Interim Chief Finance Officer

Board Members Absent:

None

City Staff Present:

Chris Hansen, Risk Manager

Nichole Martinez, Workers' Compensation Program Specialist

David McAllister, Risk Mgmt Claims Adjuster
Alex Chin, Executive Assistant

Guests Present:

Pamela Dominguez, Alliant Insurance Services, Inc.
Shawn Kraatz, Alliant Insurance Service: Inc.

Agenda Item 1 – Call to Order:

Chair Tom Duensing called the meeting to order at 5:00 p.m.

Agenda Item 2 – Approval of Board Meeting Minutes:

Motion by Robin Arredondo-Savage to approve the April 27th, 2022, Board meeting minutes; second by Jerry Hart. Motion passed on a vote of 4-0.

Ayes: Chair Duensing, Board members Arredondo-Savage, Bilodeau, and Hart.

Nays: None

Absent: None

Agenda Item 3 – Discussion Resolution for Insurance Renewal Authorization:

The City of Mesa has a resolution from 2015 that authorizes the city manager to purchase insurance renewals in the future with a do not exceed percentage. With the cost of insurance prices going up, the City of Mesa keeps bringing this type of resolution forward. The rationality of this resolution is to elevate the time crunch of renewals set by a council meeting calendar. Chris Hansen opened this topic for discussion. Chairman Robin Arredondo-Savage questioned if quotes would not go through the Risk Management Trust Board. An idea would still have insurance renewals pass through the RMTB as a final approver. Historically, proposals were available for 90-60 days. Presently, proposals are received within 30 days, making it a last-minute item for council approval. Robin expressed the focus on transparency and inclusive clarity of the role of the RMTB before removing the involvement of council approval. Chairman Jerry Hart feels that the part of RMTB would not change at all but have the city manager approve the recommendation rather than the council. Shawn and Pamela from Alliant acknowledged that getting quotes is becoming more common at the 30-day mark. Other cities and countries are

going the same route. Chairman Tom Duensing envisions a resolution that allows the city managers to approve based upon the recommendations of the RMTB administratively. Still, this type of resolution does not need to be decided now. Jerry recommends that this committee continue to think about the concept of a resolution in preparation for next year.

Agenda Item 4 - Alliant Renewal Update

Alliant provided an update on the renewal timeline of the incumbent marketplace and full marketing efforts in the traditional market. Renewal status includes:

- Property –
 - Quotes will be in the first week of June.
 - The underwriter for the past two renewals is no longer with the organization. The new underwriter was not stationed in Arizona. With authorization from Tom and Chris, Alliant has requested and transferred the account back to an underwriter in Arizona.
 - PRISM is not an option.
- Auto Physical –
 - Quotes will be in the first week of June.
 - It is expected there will be a 5 to 15% increase.
- Excess Worker's Compensation –
 - Quotes will be in the first week of June.
 - There is a small handful of markets for full city service.
- Public Entity Liability/Excess –
 - Quotes will be in the first/second week of June.
 - This coverage is the most challenging placement in the municipality business.
 - PRISM will be an opportunity to quote.
- Cyber Liability –
 - Quotes will be in the first week of June.
 - Full marketing efforts to all public entity markets.
 - Property insurance programs also include cyber as an option making this an opportunity to consolidate policy rather than having an additional policy.
- Dams & Bridges
 - Quotes are expected the week of May 23rd.
 - This coverage could be included with the quotes for the property.
- Pollution
 - Quotes will be in the first week of June.
 - It is expected there will be a 10 to 15% increase.

Tom expressed concern that the council only has two regular meetings in June. The RMTB would need to reconvene to formulate a recommendation for the council. Jerry recommends an RMTB would be required in the second or third week of June. The RMTB would reconvene on June 16th.

Agenda Item 5 - Board Member and Staff Announcements

There were no announcements.

Agenda Item 6 – Public Appearances

There were no public appearances.

The meeting adjourned at 6:01 p.m.

Minutes prepared by: Alex Chin

Minutes reviewed by: Chris Hansen and Tom Duensing

City of Tempe

2022-2023 Property & Casualty Marketing

Property Marketing Responses:

Carrier	Response	Comments
APIP	In process	
Liberty Mutual	In process	
PRISM	Declined	
Travelers (Incumbent)	Quoted	Renewal premium \$414,150; TIV \$1,319,205,115; .0314 Rate

Inland Marine Dam & Mill Avenue Bridge Marketing Responses:

Carrier	Response	Comments
APIP	In process	
Chubb (Incumbent)	Quoted	Renewal premium \$115,971 (incl TRIA, SL Tax/Fee)
Liberty Mutual	In process	
PRISM	Declined	Not enough time for 2022-2023 policy year
Travelers	Declined	Too big as they tend to stick to smaller pedestrian bridges. Not a good fit for them.

Auto Physical Damage Marketing Responses:

Carrier	Response	Comments
AIG (Incumbent)	Quoted	Renewal premium \$68,529.96 (incl SL Tax/Fee)
Alliant Auto Physical Damage Program	Declined	Program structure is differs from current program.
Align	Declined	
Applied UW	Declined	
CINCO	Declined	
Everest	Declined	
GenStar	Declined	
GMI	Declined	
Hallmark	Declined	
Hanover	Quoted	No flood coverage for Zones A, V or D; \$25K deductible; \$66,209 incl TRIA (\$656)
IPC	Declined	
Munich	Declined	
Nationwide	Declined	
Navigators	Declined	
PGI	Pending	
RLI	Declined	
Westchester	Declined	

General Liability Marketing Responses:

Carrier	Response	Comments
ANML – Alliant Liability Program	Declined	Primary reason uncomfortable that the City is self-administered and drowning claim incident.
Vantapro Specialty (Allied Public Risk) (Incumbent)	Quoted	\$484,601 (includes \$3,924 TRIA)
Safety National	Quoted	\$415,319.05 (includes \$3,627 TRIA and \$5,418.05 SL Tax/Fee);
Berkley PE (Incumbent)		
Ambridge Group	Submitted	
Chubb (Westcheseter PE)	Submitted	
Euclid/Hudson	Declined	Due to Losses
Liberty/Ironshore	Sent Feeler	
Munich RE	Submitted	
Old Republic	Declined	Crime index would make this account unattractive
Travelers	Sent Feeler	Typically need to conduct Formal Risk Assesment prior to offering any terms
Trident	Declined	Do not have an appetite for risks located in AZ at this time.

Excess Liability Marketing Responses:

Carrier	Response	Comments
Berkley Insurance Company (Incumbent)	Pending	
General Star Indemnity Company (Incumbent)	Pending	
Great American Security Ins. Company (Incumbent)	Pending	
Hallmark Specialty Insurance Company (Incumbent)	Pending	
Lexington Insurance Company (Incumbent)	Pending	
AWAC	Submitted	
Amwins Global Risk (BDA and London)	Submitted	
Arch	Submitted	
AXIS	Submitted	
Markel	Declined	Total population outside our target for this class of business
Navigators	Submitted	
QBE (Noting LEL standalone option)	Submitted	
Upland E&S	Submitted	

Excess Work Comp Marketing Responses:

Carrier	Response	Comments
ARCH	Declined	In looking at the exposures and operations, which include wildfire, as well as the rate I don't believe this is an opportunity for us. The pricing is competitive for a city of this size and operations. We'd have to take a pass on this one.
Midwest	Declined	Based on the severity of their large loss experience and also in consideration where their expiring retention is, I will respectfully decline to provide a quote.
Safety National (Incumbent)	Quoted	Option 1: SIR \$2M All Other \$327,520 Option 2: SIR \$2M Presumptive Loss; \$1.5M All Other \$396,663 Option 3: SIR \$2M Presumptive Loss; \$1.25M All Other \$443,665
Travelers	Declined	Travelers is declining, as they do not write monoline WC in Public Sector.
US Specialty	Declined	Not a market for full service muni accounts.

International Package Marketing Responses:

Carrier	Response	Comments
AIG	Quoted	\$2,125
Chubb (Incumbent)	Quoted	\$2,500
Zurich	Quoted	\$2,500

Pollution Marketing Responses:

Carrier	Response	Comments
Chubb	Quoted	\$28,705 Premium; \$1,435 TRIA;
Ironshore (Incumbent)	Quoted	\$38,086.92 (Incl TRIA and SL Tax/Fee)

Cyber Marketing Responses:

Carrier	Response	Comments
AIG (Incumbent)		
Coalition		
Ocrea Risk Services, LLC		
Resilience		Offered Cyber Primary Care (CPC) contract
Tokio Marine	Quoted	Option 1: \$62,115 Option 2: \$77,595, increased limits in First Party Insuring Agreements, same deductibles

Fiduciary Marketing Responses:

Carrier	Response	Comments
AIG	Declined	Declined to offer terms.
Allied World Assurance Company	Declined	Not considering stand alone fiduciary or PE fiduciary.
Ascot Group	Declined	Declined to offer terms on primary.
AXA XL, A division of AXA	Declined	Declined to offer terms, would not be able to improve on Euclid's or RLI's renewal terms.
AXIS Insurance	Declined	Declined to offer terms. Excess only. Would not be able to improve on Euclid's or RLI's renewal terms.
Euclid Managers (Incumbent)	Quoted	\$30,467 Includes TRIA and Waiver of Recourse
Great American Insurance Company	Declined	Declined to offer terms.
Ironshore	Declined	Declined to offer terms. Excess only.
RLI Insurance Company (Incumbent)	Quoted	\$17,100 Includes TRIA
Travelers Companies, Inc.	Declined	Declined due to account characteristics outside of appetite.
Westchester, A Chubb Company	Declined	Declined to offer terms.



City of Tempe 2022-2023 Property & Casualty Insurance Renewal Presentation

Shawn M. Kraatz, FVP
Pamela Dominguez, VP
Joan Boxwell
Presented June 16, 2022



Property

	2021-2022	2022-2023
Carrier:	Travelers	Travelers
Limits:	\$100M Policy Limit \$10M EDP \$10M Earthquake \$5M Flood <small>700 W. Rio Salado Pkwy, Tempe, AZ</small> \$10M Flood All Other \$100M Boiler & Machinery \$5,192,884 Fine Arts \$10M Newly Constructed	\$100M Policy Limit \$1M EDP \$10M Earthquake \$5M Flood <small>700 W. Rio Salado Pkwy, Tempe, AZ</small> \$10M Flood All Other \$100M Boiler & Machinery \$5,350,884 Fine Arts \$10M Newly Constructed
Deductibles:	\$500K Earthquake \$500K Flood \$500K Boiler & Machinery \$500K Any Other Loss	\$500K Earthquake \$1M Flood <small>700 W. Rio Salado Pkwy, Tempe, AZ</small> \$500K Flood All Other \$500K Boiler & Machinery \$500K Any Other Loss
Premium:	\$346,295 (Incl. SL Tax/Fee)	\$414,150 (Incl. SL Tax/Fee)

2022-2023 Policy Changes/Comments:

- EDP & Media – Reduced limit to \$1M (this is for software & media; true EDP is covered on BPP)
- Electronic Vandalism was reduced to \$10k (previously \$250k) – this is typically picked up on a separate cyber policy.
- Flood deductible for Rio Salado, Flood Zone A: \$1M flat deductible
- Negotiated 5% rate increase, balance of increase is due to exposure increase of 13.8%

Inland Marine Dam & Mill Avenue Bridge

	2021-2022	2022-2023
Carrier:	Chubb	Chubb
Limits:	\$82,324,988 Policy Limit \$82,324,988 Earthquake \$25M Flood \$82,324,988 Named Windstorm	\$89,297,914 Policy Limit \$89,297,914 Earthquake \$25M Flood \$89,297,914 Named Windstorm
Deductibles:	\$250K Earthquake \$500K Flood \$250K Named Windstorm \$250K Any Other Loss	\$250K Earthquake \$500K Flood \$250K Named Windstorm \$250K Any Other Loss
Premium:	\$97,193.76 (\$4,485 TRIA) (Incl. TRIA SL Tax/Fee)	\$115,971 (\$5,351 TRIA) (Incl. TRIA SL Tax/Fee)

Inland Marine Dam & Mill Avenue Bridge

2022-2023 Policy Changes/Comments:

- Account rate increase is about 4.8% with scheduled values increasing about 8.5%
- Waiting on final quote from Chubb for IM – Dam& Mill Avenue Bridge, waiting on reinsurance approval

Auto Physical Damage

	2021-2022	2022-2023
Carrier:	Lexington Insurance Company	Lexington Insurance Company
Limits:	\$10M Policy Limit \$10M VPD Occurrence Limit \$1M Vehicle Limit \$5M Earth Movement \$5M Flood \$2.5M Special Flood Hazard Areas \$250k Newly Acquired Vehicles	\$10M Policy Limit \$10M VPD Occurrence Limit \$1M Vehicle Limit \$5M Earth Movement \$5M Flood \$2.5M Special Flood Hazard Areas \$250k Newly Acquired Vehicles
Deductibles:	\$150,000 Each claim for loss or damage	\$150,000 Each claim for loss or damage
Premium:	\$71,348.35 (Incl. SL Tax/Fee)	\$68,529.96 (Incl. SL Tax/Fee)

Auto Physical Damage

2022-2023 Policy Changes/Comments:

- Optional terrorism coverage can be purchased from Lexington for \$1,992 plus \$63.75 SL Tax and Fee = \$2,055.75

General Liability Primary

	2021-2022	2022-2023
Carrier:	Vantapro Specialty Insurance Company	Vantapro Specialty Insurance Company
Limits:	\$5M/\$5M General Liability \$5M/\$5M Law Enforcement \$5M/\$5M Public Officials Liability \$5M/\$5M Employment Practices \$5M Auto Liability	\$5M/\$5M General Liability \$5M/\$5M Law Enforcement \$5M/\$5M Public Officials Liability \$5M/\$5M Employment Practices \$5M Auto Liability
Retentions:	\$2M General Liability, Public Officials & Employment Practices \$5M Law Enforcement & Auto Liability	\$2M General Liability, Public Officials & Employment Practices \$5M Law Enforcement & Auto Liability
Premium:	\$387,377 (Including \$3,259 TRIA)	\$484,601 (Including \$3,924 TRIA)

General Liability Primary

2022-2023 Policy Changes/Comments:

- APR Subjectivities are: Signed TRIA form, Current Budget & CAFR & Currently Valued TPA Loss Runs (we require them to be within 90 days of the effective date).

General Liability Excess

- Current Structure:
- **\$5M x \$5M**
- \$7M General Liability
- \$10M Auto Liability
- \$7M Public Official, Employment Practices and Employee Benefits Liability = \$369,950
- **\$5M x \$10M**
- None-Underlying
- \$302,272.80
- **\$5M x \$15M**
- None-Underlying
- \$280,103.38
- **\$5M x \$20M**
- None-Underlying
- \$231,580.80
- **\$5M x \$25M**
- None-Underlying
- \$182,500

- *All Excess Lines Currently Still in Negotiation*

Excess Liability

2022-2023 Policy Changes/Comments:

Excess Workers Compensation

	2021-2022	2022-2023
Carrier:	Safety National Casualty Corporation	Safety National Casualty Corporation
Limits:	Coverage A – Workers Compensation: Statutory Coverage B – Employers Liability: \$2M/\$2M/\$2M	Coverage A – Workers Compensation: Statutory Coverage B – Employers Liability: \$2M/\$2M/\$2M
Retentions:	\$1M – EMT/Police/Fire \$750k – All Other	\$2M – All Other For Discussion
Estimated Premium:	\$352,759	\$327,520 – For Discussion

Excess Workers Compensation

2022-2023 Policy Changes/Comments:

- Option 1: SIR \$2M All Other \$327,520
- Option 2: SIR \$2M Presumptive Loss; \$1.5M All Other \$396,663
- Option 3: SIR \$2M Presumptive Loss; \$1.25M All Other \$443,665

International Package

	2021-2022	2022-2023
Carrier:	Ace American Insurance Company	Ace American Insurance Company
Limits:	\$1M Each Occurrence \$2M Products-Completed Operations Aggregate \$1M Employee Benefits Liability \$1M Contingent Auto Liability \$1M Executive Assistance Services \$1M Employers Liability \$250k AD&D \$10k Medical Expense \$1.5M AD&D Aggregate \$250k Corporate Kidnap and Extortion	\$1M Each Occurrence \$2M Products-Completed Operations Aggregate \$1M Employee Benefits Liability \$1M Contingent Auto Liability \$1M Executive Assistance Services \$1M Employers Liability \$250k AD&D \$10k Medical Expense \$1.5M AD&D Aggregate \$250k Corporate Kidnap and Extortion
Retentions:	N/A	N/A
Premium:	\$2,500	\$2,500

International Package

2022-2023 Policy Changes/Comments:

- AIG Quote \$2,125
- Zurich Quote \$2,500

Pollution

	2021-2022	2022-2023
Carrier:	Ironshore Specialty Insurance Company	Ironshore Specialty Insurance Company
Limits:	\$5M Policy Aggregate Limit \$5M Remediation Expenses	\$5M Policy Aggregate Limit \$5M Remediation Expenses
Deductibles:	\$100k Remediation Expenses	\$100k Remediation Expenses
Premium:	\$35,830.61 (Incl TRIA and SL Tax/Fee)	\$38,086.92 (Incl TRIA and SL Tax/Fee)

Pollution

2022-2023 Policy Changes/Comments:

- No Material Changes

Cyber

	2021-2022	2022-2023
Carrier:	AIG Specialty Insurance Company	Houston Casualty Company
Limits:	<p>\$3M Policy Limit \$3M Media Content Insurance \$3M Security & Privacy Liability Insurance \$3M Regulatory Action \$3M Network Interruption \$3M Event Management Insurance \$3M Cyber Extortion \$250K Reputation Guard Insurance</p>	<p>\$3M Policy Limit \$3M Multimedia Liability \$3M Security & Privacy Liability Insurance \$3M Privacy Regulatory Defense and Penalties \$3M PCI DSS Liability \$250K Bodily Injury \$50K Property Damage \$50K TCPA Defense \$500K Cyber Extortion</p>

Cyber

	2021-2022	2022-2023
Retentions:	<p>\$50K Deductible Media Content \$75K Security and Privacy, Network Interruption, Event Management, Cyber Extortion \$10K Reputation Guard 10 Hour Waiting Period</p>	<p>\$300K Aggregate Deductible \$100K per Insuring Agreement Brand Guard: 2 Weeks Waiting Period 12 Months Period of Indemnity System Failure Non-Physical BI: 8 Hours Waiting Period 12 Months Period of Restoration Dependent System Failure: 12 Hours Waiting Period 6 Months Period of Indemnity</p>

Cyber

	2021-2022	2022-2023
Premium:	\$40,499 (Incl. SL Tax/Fee)	\$62,115 (Incl. SL Tax/Fee and policy fee)

2022-2023 Policy Changes/Comments:

- Houston Casualty Company Option 1 \$62,115
- Houston Casualty Company Option 2 \$77,595; Increase in limits in First Party Insuring Agreements; same deductibles

Fiduciary

	2021-2022	2022-2023
Carrier:	Hudson Insurance Company	Hudson Insurance Company (FLIP)
Limits:	<p>\$10M Aggregate Limit</p> <p>\$2M Trustee Claims Expense/Defense of Non-Fiduciary Claims</p> <p>\$500K Voluntary Compliance Program Expenditures</p> <p>\$250K ERISA 502(c) Civil Penalties</p> <p>\$1.5M HIPAA and HITECH Fines and Penalties</p> <p>\$250K PPACA Fines and Penalties</p> <p>\$250K IRC Section 4975 Penalties</p>	<p>\$10M Aggregate Limit \$10M Settlor Coverage</p> <p>\$2M Trustee Claims Expense/Defense of Non-Fiduciary Claims</p> <p>\$500K Voluntary Compliance Program Expenditures</p> <p>\$250K ERISA 502(c) Civil Penalties</p> <p>\$1.5M HIPAA and HITECH Fines and Penalties</p> <p>\$250K PPACA Fines and Penalties</p> <p>\$250K IRC Section 4975 Penalties</p>

Fiduciary

	2021-2022	2022-2023
Carrier:	Hudson Insurance Company	Hudson Insurance Company (FLIP)
Limits:	\$100K First-Party Benefit Overpayment Coverage	<p>\$100K Miscellaneous/Other Penalties</p> <p>\$100K First-Party Benefit Overpayment Coverage</p> <p>\$250K Coverage for Claims of Equitable Relief and Surcharges</p> <p>\$250K Reinstatement of Sublimit for Voluntary Compliance Program Expenditures</p> <p>\$1M Death Master File Penalties (Bipartisan Budget Act of 2013)</p>

Fiduciary

	2021-2022	2022-2023
Retentions:	\$25K Indemnifiable \$0 Non-Indemnifiable	\$25K Indemnifiable \$0 Non-Indemnifiable
Premium:	\$28,329 \$Included TRIA <u>\$ 100 Waiver of Recourse</u> \$28,429 Total	\$30,367 \$Included TRIA <u>\$ 100 Waiver of Recourse</u> \$30,467 Total

Fiduciary

2022-2023 Policy Changes/Comments:

- Additional sublimits included above

Fiduciary Excess

	2021-2022	2022-2023
Carrier:	RLI Insurance Company	RLI Insurance Company
Limits:	\$5M excess of \$10M Aggregate Limit	\$5M excess of \$10M Aggregate Limit
Retentions:	Not Applicable	Not Applicable
Premium:	\$16,086 (Incl TRIA)	\$17,100 (Incl TRIA)

Fiduciary Excess

2022-2023 Policy Changes/Comments:

- No Material Changes

Alliant Deadly Weapon Program

	2021-2022	2022-2023
Carrier: STILL AWAITING QUOTE		
Limits:		
Retentions:		
Premium:		



**CITY OF TEMPE
REQUEST FOR COUNCIL ACTION**

**Meeting Date: 6/23/2022
Agenda Item:**

ACTION: Adopt a resolution authorizing the City Manager or his designee to approve excess insurance coverage for fiscal year 2023. (Resolution No. R2022.XX)

FISCAL IMPACT: There is no fiscal impact associated with this action.

RECOMMENDATION: Adopt Resolution No. R2022.XX.

BACKGROUND INFORMATION: The Risk Management Trust Board meets at least once a year and makes recommendations thereafter to the City Council, through the City Manager, regarding the investment and administration of the Risk Management Trust Fund, which includes review of excess insurance coverage.

Excess Insurance coverage include property, auto physical, excess workers' compensation, public entity liability/excess, cyber liability, dams & bridges, and pollution.

The City of Tempe's insurance broker may not be able to obtain quotes from the excess insurance underwriters for certain lines of coverage for approval by the Mayor and Council by the end of the fiscal year.

ATTACHMENTS:

1. RESOLUTION NO. R2022.XX.DOCX

STAFF CONTACT(S): Tom Duensing, Deputy City Manager – Financial Stability and Vitality, and Sustainable Growth and Development, (480) 350-8505

Department Director: Tom Duensing, Deputy City Manager – Financial Stability and Vitality, and Sustainable Growth and Development

Legal review by: Dave Park, Assistant City Attorney

Prepared by: Chris Hansen, Risk Manager

RESOLUTION NO. R2022. __

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
TEMPE, ARIZONA, AUTHORIZING THE CITY
MANAGER TO APPROVE EXCESS INSURANCE
COVERAGE FOR THE FISCAL YEAR 2023**

WHEREAS, the City of Tempe, Arizona (the “City”) obtains excess insurance coverage for lines of coverage that include property, auto physical, excess workers’ compensation, public entity liability/excess, cyber liability, dams & bridges, and pollution annually in July of each year.

WHEREAS, the Risk Management Trust Board meets at least once a year and makes recommendations thereafter to the City Council, through the City Manager, regarding the investment and administration of the Risk Management Trust Fund, which includes review of excess insurance coverage.

WHEREAS, the City of Tempe’s insurance broker may not be able to obtain quotes from the excess insurance underwriters for certain lines of coverage for approval by the Mayor and Council by the end of the fiscal year.

WHEREAS, the Mayor and Council of the City (the “Council”) have determined that excess insurance for certain lines of coverage would need to be approved for the fiscal year beginning July 1, 2022.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF TEMPE, ARIZONA, AS FOLLOWS:

Section 1. Authorization; Request.

(a) The City Manager of the City or his designee are hereby authorized and directed to do all such and things to approve excess insurance coverage for the fiscal year 2023.

PASSED, ADOPTED, and APPROVED BY THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, this 23rd day of June 2022.

.....
Corey D. Woods
Mayor, City of Tempe, Arizona

ATTEST:

.....
Carla R. Reece
City Clerk, City of Tempe, Arizona

APPROVED AS TO FORM:

Sonia M. Blain, City Attorney

DRAFT



**CITY OF TEMPE
REQUEST FOR COUNCIL ACTION**

**Meeting Date:
Agenda Item:**

ACTION: Approve the annual excess insurance renewal program for fiscal year 2022/2023 to include the following insurance coverages: property, primary and excess liability, cyber security liability, excess workers' compensation, environmental pollution, fiduciary liability, and foreign travel insurance purchased through the City's insurance broker, Alliant Insurance Services, Inc.

FISCAL IMPACT: Total premiums for the above mentioned insurance coverages for fiscal year 2022/20230 is in an amount not to exceed \$X,XXX,XXX. The premiums are based on the current value of insured properties and fleet schedule, annual payroll and however, premiums change depending on property added or removed during the year, typically fleet vehicles and the cost of aviation coverage which renews in November 2021. Sufficient funds have been appropriated in the Risk Management Fund – cost center 2621 (Risk Management) and Workers' Compensation Fund – cost center 2701 (Workers' Comp) for the anticipated expenditures contingent upon Council approval of the contingency transfer into the funds.

RECOMMENDATION: Approve the fiscal year 2022/2023 excess insurance renewal program.

BACKGROUND INFORMATION: Alliant Insurance Services Inc., the city's insurance broker, markets the City's insurance needs with numerous insurance carriers globally to obtain the most competitive package and pricing with the broadest coverage, terms, and conditions for the City. Alliant Insurance Services, Inc. obtained quotes for the following coverages for fiscal year 2022/2023:

Coverage	Name of Carrier	Exposure/Limits	Insurance Premium
Property	XXXXX (excess SIR \$XXX,XXX)	\$1,123,907,208	\$.00
Dam & Mill Avenue Bridges	XXXXX (excess SIR \$XXX,XXX)	\$XX,XXX,XXX	\$.00
Auto Physical Damage	XXXXX (excess SIR \$XXX,XXX)	\$XX,XXX,XXX	\$.00
General Liability - Primary	XXXXX	\$X,XXX,XXX	\$.00
- 1 st Layer	XXXXX	\$X,XXX,XXX	\$.00
- 2 nd Layer	XXXXX	\$X,XXX,XXX	\$.00
- 3 rd Layer	XXXXX	\$X,XXX,XXX	\$.00
- 4 th Layer	XXXXX	\$X,XXX,XXX	\$.00
- 5 th Layer	XXXXX	\$X,XXX,XXX	\$.00
Workers' Compensation	XXXXX	\$158,222,265	\$.00
International Package	XXXXX		\$.00

Environmental Pollution Policy	XXXXXX		\$.00
		Total Premium Before Cyber-Security, Crime & Fiduciary	\$.00
Cyber Security Liability	XXXXXX	\$X,XXX,XXX	\$.00
Crime & Fidelity Coverage	Zurich (3 year policy)	\$X,XXX,XXX	\$.00

The total premium for all programs in fiscal year 2021/2022 was \$2,775,124. The fiscal year 2022/2023 insurance premium for coverages listed above is estimated at \$X,XXX,XXX.

During any fiscal year, insured property can be added or removed. Examples in include budgeted solid waste trucks, water/wastewater vacuum trucks, and fire pumper trucks which are added and removed from fleet inventory during the year. This can result in auto premium increases and decreases. The total program is also dependent on the aviation coverage for City drones which renews in November 2022 and is estimated at \$X,XXX.

This insurance renewal program was reviewed by the Risk Management Trust Board at its January 26, 2022, April 27, 2022, May 23, 2022 and June 16, 2022 meetings.

ATTACHMENTS:

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Department Director: Tom Duensing, Deputy City Manager – Financial Stability and Vitality, and Sustainable Growth and Development

Legal review by: Dave Park, Assistant City Attorney

Prepared by: Chris Hansen, Risk Manager