



	Approved	Denied
Action taken	7/26/04	
Other:		
Verified by:	K. Smith	

COUNCIL ACTION MEMORANDUM

AM No. 04-44 (SUB)

TITLE: COUNCIL APPROVAL OF THE AWARD OF CITY OF WASILLA'S INSURANCE (PROPERTY, LIABILITY, AUTOMOBILE, AND WORKER'S COMPENSATION) IN THE AMOUNT OF \$447,758 TO THE ALASKA PUBLIC ENTITY INSURANCE.

Agenda of: July 26, 2004
 Originator: Ted Leonard

Date: July 21, 2004

Route to:	Department	Signature/Date
	Police	
	Recreational and Cultural Services Library, Museum	
	Public Works Planning	
X	Finance *signature required	<i>[Signature]</i>
X	Clerk	<i>[Signature]</i>

REVIEWED BY MAYOR DIANNE M. KELLER: *Dianne M. Keller*

FISCAL IMPACT: yes \$447,758 or no Funds Available yes no
 Account name/number: Various
 Attachments: Broker analysis and other communication.

SUMMARY STATEMENT: The City awarded the renewal of the City of Wasilla's insurance coverage to Alaska Public Entity Insurance (APEI) under WMC 5.08.150 (Emergency Procurement) on June 30th. The City of Wasilla did not receive the final quotes from the Insurance Pools until June 30th at 2:00 p.m.. Based on an analysis of the quotes that the City of Wasilla received (see Insurance Broker's memorandum and other communication), Administration and the Finance Department determined that the rates and the insurance program offered by the APEI was the best insurance program for the City of Wasilla. The City of Wasilla has been with APEI for one year and has been satisfied with the service we have received from APEI. The total difference in rates between APEI and AML/JIA (Alaska Municipal League Joint Insurance Association) was \$19,479 and APEI has better coverage limits than AML/JIA.

STAFF RECOMMENDED ACTION: Council approve award of insurance contract for Property, Liability, Automobile and Worker's Compensation insurance to Alaska Public Entity Insurance.

Ted Leonard

From: Ted Leonard
Sent: Wednesday, June 30, 2004 3:51 PM
To: 'Brandon.Allen@marsh.com'
Subject: RE: revised insurance premiums

Brandon:

Thanks for the information and analysis. Please bind with APEI for insurance coverage.

Thank You.

Ted Leonard, CMA, SPHR
Director of Finance & Admin. Services

-----Original Message-----

From: Brandon.Allen@marsh.com [mailto:Brandon.Allen@marsh.com]
Sent: Wednesday, June 30, 2004 3:38 PM
To: tleonard@ci.wasilla.ak.us
Subject: revised insurance premiums

based on \$395k of additional police dispatch premium, the additional premium for both liability and workers comp is \$15,600. here are the new premium totals for APEI and AML

APEI	AML
132,158	458,987
15,600	8,250 additional auto premium because they used 61 vehicles instead of 72
447,758	467,237

\$20,000 premium difference and APEI is offering \$5m more of liability insurance and \$10m more of police professional liability insurance.

Brandon

MARSH

6/21/04

To: Ted Leonard
City of Wasilla
From: Brandon Allen
Re: Property/Casualty Insurance Renewal

We are pleased to present our proposal for City of Wasilla property/casualty insurance for 2004 to 2005. This year's insurance premiums are well below your budget estimates. This is the result of softening market conditions and improvement in your workers compensation losses.

This year we presented your account to Alaska Public Entity Insurance, AML/JIA and the standard insurance markets. The APEI and AML/JIA quotes are enclosed. The standard markets have declined to quote except for a DIC quote to provide earthquake coverage.

Our review and analysis show that APEI is more competitive than the AML/JIA. The APEI premiums are lower and the coverage amounts are higher.

APEI has reduced the rate for property insurance from 29.46 cents per hundred to 17.25. Therefore, while Total Insured Value (TIV) increased from \$18.6m to \$45.5m, the premium increased from \$54,517 to \$78,598.

The liability premium has dropped from \$243,219 to \$218,992. This is in spite of increasing number of City owned vehicles from 58 to 72.

Workers compensation has a slight increase from \$126,654 based on \$3.65m of payroll to \$134,568 based on 4.3m of payroll. The net rate has decreased from .345 to .310. This is remarkable considering the condition of the worker compensation market. It also points to the positive impact of favorable losses.

Airport Owners & Operators Liability is virtually flat; the renewal premium is \$9,115 compared to the expiring \$8,849.

The standard markets are very interested in public entity property coverage but are not enthusiastic about liability coverages. Both APEI and AML/JIA are "all or nothing markets". The absence of a liability market willing to compete with the pools, prevents us from pursuing a property quote. By way of comparison, the standard market property rates would be comparable to APEI, perhaps 10% lower.

MARSH

During the year, we helped negotiate a favorable settlement of a major windstorm damage claim and helped solve a troublesome liability issue with airport tenants. In January of this year, Brady and Company became part of Marsh USA, Inc., the largest risk management and insurance brokerage in the world. This added depth of national and international resources strengthens our office's ability to meet the City of Wasilla's risk and insurance needs.

We appreciate the opportunity to serve the City of Wasilla and look forward to continuing our relationship.

BRANDON

Revised June 29, 2004

INSURANCE RENEWAL PROPOSAL

CITY OF WASILLA

July 1, 2004 to July 1, 2005

Presented By:

Brandon Allen
Senior Vice President

Roseanne Leydon
Senior Account Manager

Diane Villanueva
Account Processing Manager

MARSH USA INC.
P.O. Box 107502
Anchorage, Alaska 99510-7502
Phone: 907-276-5617
Fax: 907-276-6292

This Proposal should not be construed as a legal interpretation or description of the coverage's afforded. The specific contracts should be consulted for the exact details on the coverage's and exclusions.

PREMIUM QUOTE

CARRIERS: **Alaska Public Entity Insurance**
 A.M. Best Rating:
 Insurance Company of the State of Pennsylvania
 A.M. Best Rating: **A++ XV**
 Insurance Company of the West
 A.M. Best Rating: **A- VII**
 Lexington Insurance Company
 A.M. Best Rating: **A++ XV**
 Employers Reinsurance
 A.M. Best Rating: **A**
 Lloyds
 A.M. Best Rating: **A**

<u>Part I Property Program</u>		<u>Total TIV</u>	<u>Ded.</u>	<u>Premium</u>
Property Limit: Blanket	\$36,620,445	\$45,582,452	\$ 25,000	\$ 78,598
Contents/EDP	\$ 8,161,550		\$ 25,000/ \$ 5,000	
Mobile Equipment	\$ 800,457		\$ 5,000	
Fine Arts	\$ -0-		\$ 5,000	
Boiler & Machinery	\$50,000,000		\$ 10,000	
Total Property Premium				\$ 78,598

Part II Liability Program

General Liability	\$15,000,000	Per Occurrence	\$ 5,000	\$146,599
Sewer Backup			\$ 15,000	
Products/Completed Operations	\$15,000,000	Per Occurrence	\$ 2,500	
	\$15,000,000	Aggregate		
Garagekeepers Liability	\$15,000,000	Per Occurrence	\$ 1,000	
Public Officials Liability	\$15,000,000	Per Occurrence	\$ 10,000	
	\$15,000,000	Aggregate		
EMS Professional Liab.	\$15,000,000	Per Occurrence	\$ 5,000	
	\$15,000,000	Aggregate		
Employee Benefits	\$15,000,000	Per Occurrence	\$ 2,500	
	\$15,000,000	Aggregate		
Employment Practices	\$15,000,000	Per Occurrence	\$ 10,000	
	\$15,000,000	Aggregate		
Law Enforcement Liab.	\$15,000,000	Per Occurrence	\$ 5,000	
Automobile Liability	\$15,000,000	Per Occurrence	\$ 2,500	\$ 72,393
Physical Damage	Actual Cash Value		\$ 2,500	Included
Total Liability Premium				\$218,992

Part III Crime & Fidelity

Employee Dishonesty	\$ 100,000	\$ -0-	Included
Faithful Performance	\$ 100,000	\$ -0-	
Forgery or Alteration	\$ 100,000	\$ -0-	
Money & Securities	\$ 25,000	\$ 500	
Money Orders & Counterfeit Paper	\$ 25,000	\$ -0-	
Computer Fraud	\$ 25,000	\$ -0-	

Part IV Payroll Workers Compensation

Limit	Statutory	\$4,331,237	\$ -0-	\$134,568
Employers Liability	\$ 1,000,000	Payroll		
USL&H				
Jones Act				
Total Premium 2004-2005				\$432,158

PREMIUM QUOTE

CARRIERS: Alaska Municipal League
Joint Insurance Association

General Liability	\$123,882
Limit:	\$10,250,000
Deductible:	\$ 5,000
Reported Payroll:	\$ 3,782,195
ADM:	Blank
Public Officials Liability/School Leaders E&O	
Included in General Liability	
Workers Compensation	\$160,776
Reported Payroll:	\$ 3,782,195
Auto Liability/Comp & Collision	\$ 26,657
Limit:	\$10,250,000
Deductible:	\$ 5,000
Total Vehicles:	61
Scheduled Values:	\$ 1,342,317
Comp and Collision Contribution:	\$ 20,585
Property	\$ 69,943
Total Values:	\$45,328,995
Deductible:	\$ 25,000
Mobile Equipment:	\$ 800,457
Police Professional Liability	\$ 51,062
Total Program Premium:	\$458,988

PREMIUM QUOTE

CARRIERS: ACE Property & Casualty Insurance Company
A.M. Best Rating: A XII

Airport Owners & Operators Liability Premium: \$9,115.00

**OPTIONAL
QUOTES:**

\$5,000 Extended Coverage – War, Hi-Jacking & Other
Perils Endorsement
\$5,000 Coverage as Required by the Terrorism Risk
Insurance Act of 2002 (TRIA)
\$7,500 For Coverage Under Both of the Above Endorsements

INTEREST: The Insured's Legal Liability, to Which this policy applies, arising
out of the Insured's Airport Operations at the following airport
location:
IYS - Wasilla Airport, Wasilla, Alaska

SUM INSURED: \$10,000,000 Each Occurrence/Offense in Respects of Bodily
Injury, Personal & Advertising Injury and Property Damage
Combined, Subject to the Following Limitations:

\$10,000,000 Products-Completed Operations Annual Aggregate
\$10,000,000 Personal Injury & Advertising Injury Annual Aggregate
\$10,000,000 Malpractice Annual Aggregate
Not Insured Extended Coverage – War, Hi-Jacking & Other Perils
Annual Aggregate
\$ 100,000 Fire Damage Limit (Any One Fire)
\$ 5,000 Medical Expense Limit (Any One Person)
\$10,000,000 Hangarkeepers not "in flight" Limit Any Once Occurrence
\$10,000,000 Hangarkeepers not "in flight" Limit Any One Aircraft
\$10,000,000 Non-Owned Aircraft Liability

DEDUCTIBLE: -0- Each Occurrence of Offense,
but not to exceed -0- annual aggregate

**CONDITIONS/
ENDORSEMENTS/
EXCLUSIONS:**

War, Hi-Jacking & Other Perils Exclusion Clause
Noise, Pollution & Other Perils Exclusion Clause
60 Days Notice of Cancellation or Non-Renewal
But, 10 Days Notice for Non-Payment of Premium
Amendment of Noise & Pollution & Other Perils Exclusion
Immunity Waiver Endorsement
Nuclear Risks Exclusion Clause
Personal Injury Limitation Endorsement
Volunteers Endorsement
Date Recognition Exclusion Endorsement
Pollution Exclusion
Alaska Changes – Cancellation & Nonrenewal
Important Notice to our Alaska Policyholders



ace usa

ACE PROPERTY AND CASUALTY INSURANCE COMPANY
Insurance Company

Marsh USA, Inc.
Broker/Producer

City of Wasilla

Policyholder

**POLICYHOLDER DISCLOSURE NOTICE
ACCEPTANCE OR REJECTION OF TERRORISM INSURANCE COVERAGE**

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, effective November 28, 2002, you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property; or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

IF YOU PURCHASE COVERAGE FOR ACTS OF TERRORISM DEFINED IN THE ACT, SUCH COVERAGE WILL BE SUBJECT TO ALL TERMS, CONDITIONS AND OTHER COVERAGE LIMITATIONS OF YOUR POLICY.

RESPONSIBILITY FOR COMPENSATION UNDER THE ACT IS SHARED BETWEEN INSURANCE COMPANIES COVERED BY THE ACT AND THE UNITED STATES. ANY COVERAGE THAT YOU PURCHASE FOR LOSSES CAUSED BY ACTS OF TERRORISM DEFINED IN THE ACT WOULD BE PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. UNDER THE FORMULA, THE UNITED STATES PAYS 90% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THE TERRORISM COVERAGE DEFINED IN THE ACT IS SET FORTH BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

ACCEPTANCE OR REJECTION OF TERRORISM COVERAGE DEFINED IN THE ACT.

YOU MAY ELECT EITHER TO ACCEPT OR REJECT THIS OFFER OF COVERAGE FOR ACTS OF TERRORISM AS DEFINED IN THE ACT. The additional premium for this coverage is \$5,000. Please indicate your decision as instructed in the accompanying quote.

For policies issued on or after February 24, 2003, the above disclosure, modified to reflect your acceptance or rejection of coverage for acts of terrorism as defined by the Act, will be set forth in an endorsement to your policy.

Notice Form 6
TRIA02 (1/03)



	Approved	Denied
Action taken <i>6/28/04</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other:		
Verified by: <i>Janice Murrain, Deputy Clerk</i>		

COUNCIL ACTION MEMORANDUM

AM No. 04-44

TITLE: AWARD OF CONTRACT FOR INSURANCE (PROPERTY, LIABILITY, AUTOMOBILE, AND WORKER'S COMPENSATION) FOR THE CITY OF WASILLA.

Agenda of: June 28, 2004

Date: June 22, 2004

Originator: Ted Leonard, Director of Finance and Administrative Services

Route to:	Department	Signature/Date
	Police	
	Recreational and Cultural Services Library, Museum	
	Public Works Planning	
X	Finance *signature required	
X	Clerk	<i>Janice Murrain 6/23/04</i>

REVIEWED BY MAYOR DIANNE M. KELLER: *[Signature]* For *Dianne M. Keller*

FISCAL IMPACT: yes\$ or no Funds Available yes no
 Account name/number:
 Attachments:

SUMMARY STATEMENT: We are in the process of receiving quotes for the city's insurance coverage (property, liability, automobile, and worker's compensation) from insurance pool entities. We anticipate receiving final quotes on June 25th and will bring forward to the council on June 28th a revised AM that recommends an award of contract to the firm that best meets the city's insurance needs.

STAFF RECOMMENDED ACTION: