



CITY OF WASILLA

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INFORMATION MEMORANDUM NO. 95-26

From: Mayor Stein
Date: June 26, 1995
Subject: Insurance Pool Membership

This year as instructed by Council, broker Mike Combs has solicited quotations from companies outside our insurance pool. His recommendation is to withdraw from the pool and go with the private insurer.

As you all know I am a board member of the AML/JIA insurance pool representing Wasilla. I therefore have a bias and "ownership" interest in the AML/JIA. The pool was established to control costs, maintain coverage for cities being abandoned by the commercial market and to provide superior loss control services (i.e., safety inspections, etc.).

AML/JIA has done an admirable job for its 104 members. AML/JIA's coverage limits are up, their re-insurance company is top rated, their coverage is broadened and their rates are low.

We presently have a contractual agreement with AML/JIA to continue coverage unless we give a 6-month notice to "opt out". That notice has not been given for this cycle and to withdraw would generate a claim from AML/JIA. I would not recommend withdrawing from the pool because I believe in the pooling concept and I have seen the cost savings and superior loss control efforts of AML/JIA.

At Monday's meeting you will likely hear contention between broker Mike Combs, whose bias is to private insurers but whose loyalty is to the City, and Steve Wells, whose bias is to the pool but whose loyalty is to the owners of the pool including the City of Wasilla. Please weigh their presentations carefully.

I respectfully recommend that the City continue with AML/JIA because they have competitive rates and excellent coverage and we are owner-participants. If Council wishes to consider opt-out for future years, I recommend that notice be given now so that the City will be free of contractual obligations next year.



John C. Stein, Mayor

