



SHAKER HEIGHTS

Memorandum

To: Members of Administration Committee
 From: Sandra Middleton, Director of Human Resources
 cc: Mayor David E. Weiss
 Chief Administrative Officer Jeri E. Chaikin
 Date: April 13, 2021
 Re: Property casualty insurance renewal Update

At the last Administration Committee Meeting, the City had not received insurance quotes for the Committee to review. We discussed the renewal process and received an industry overview by Laurie Gundlach, from McGowan Governmental Underwriters, the City’s insurance broker.

McGowan Governmental Underwriters received two quotes for the City’s property casualty business. Quotes from Argonaut and Liberty Mutual were received on March 25. Here is a comparison of premium and deductible cost from both quotes compared to contract that expired on 3/31/21.

	Argonaut 2020-2021 (Current)	Liberty Mutual Quote 2021-2022	Argonaut Quote 2021-2022
Annual Premium	\$354,857	\$282,842	\$351,811
Umbrella Policy	\$40,426	\$45,700	\$39,751
Optional Excess Premium Indication Quote		\$11,000	
General Liability Deductible	\$25,000	\$25,000	\$25,000
Law Enforcement, Public Officials Deductible	\$50,000	\$25,000	\$50,000
Add to Fleet Coverage	Automatic coverage for vehicles valued less than \$250,000	Endorsement required to add onto policy (est. \$400-\$600 per vehicle)	Automatic coverage for vehicles valued less than \$250,000
Auto Comprehension & Collision Deductible	\$500	\$1000	\$500

Argonaut's quote excluded the dam downstream exposure for Upper and Lower Dams until recommendations and compliance on the Dam Inspection Report are met. Excluding the dams presents a high-risk exposure to the City; as a result, the Argonaut quote was unacceptable.

Liberty Mutual quote includes several differences compared to the current contract. Most notable are:

- Reduction in the Law Enforcement and Public Officials deductible from \$50,000 to \$25,000.
- Charging for each vehicle added to the policy. Estimated cost is an additional \$10,000 based on the vehicles included in the capital budget for 2021.
- Increases auto deductible to \$1000 from \$500.
- Excluding Silo Aggregates for excess liability coverage. Silo aggregate makes the maximum coverage available per incident. The exclusion of the silo aggregate means that \$10,000,000 is the maximum amount of excess liability coverage available for the term of the policy regardless of the number of incidents. Liberty Mutual offers an excess premium indication quote for an additional \$5,000,000 in coverage for \$11,000.
- Excludes property in the flood zone. Property located in flood zone are the restrooms and shelters at Horseshoe Lake.

Adding the estimate cost to insure vehicles purchased in 2021 and purchasing additional excess liability coverage increases the Liberty Mutual quote by \$21,000. With the additional cost, Liberty Mutual's quote is approximately \$58,000 lower than Argonaut and includes coverage for Upper and Lower Dams.

The policy with Argonaut expired on 3/31/21. The City accepted the Liberty Mutual quote before the 4/1/21 renewal. The annual premium cost is included in the 2021 budget and requires no action by Council.