



## 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: March 10, 2023  
Re: Property casualty insurance renewal

---

Property casualty insurance includes a multitude of lines of coverage. This coverage includes automobile, general liability, property, public officials, law enforcement, fire department liability, employment practices, boiler and machinery, money and securities, computer, and valuable papers to name a few. The City has additional coverage for terrorism, cyber-crime, and Finance Director Bond. As an additional measure of protection, the City maintains an umbrella policy for \$10,000,000 that excludes employment practice liability. An additional excess liability policy for \$5,000,000 that includes employment practice liability was added in 2022.

The City currently has McGowan Insurance as its agent with all major lines of property casualty insurance and umbrella policy with Liberty Mutual Insurance and American Alternative Insurance Company for the excess liability coverage that includes employment practice. Liberty Mutual has provided all the major lines of insurance coverage for the past two years. Prior to that, Argonaut Insurance provided all major lines of coverage for 13 years. The City has utilized McGowan Insurance as its agent for over 29 years. The City's last RFP for property casualty insurance was December 2018 when the McGowan Insurance proposal was last accepted. The City will request proposals for an insurance agent later this year.

When an insurance broker is accepted, they source for insurance companies to provide coverage. The actual RFP is for the insurance broker, not a certain insurance company. The insurance broker has several carriers they use to provide insurance to their clients. McGowan Insurance called on insurance companies to provide quotes for the City's property casualty business. Liberty Mutual and Zurich American submitted quotes. Travelers declined to submit a quote citing the condition of the dams. Liberty Mutual's quote excluded coverage for dams, dikes, or levees. Excluding the dams presents a high-risk exposure to the City and as a result, the Liberty Mutual quote was unacceptable.

Zurich American's quote includes liability and dam failure coverage for the Green and Lower Lake Dams. It includes existence liability coverage only for Horseshoe Lake Dam and excludes dam failure. The quote says Zurich will reconsider adding dam failure coverage after receiving a new inspection report from Ohio Department of Natural Resources. The next inspection of Horseshoe Lake Dam is

scheduled for early spring. This creates a potential high risk situation by having a period of time without dam failure insurance coverage for Horseshoe Lake. The City has asked Zurich American for insurance coverage options for the Horseshoe Lake Dam to prevent a period of no dam failure coverage. Zurich American has not presented other options at this time. We anticipate a response prior to April 1, 2023 renewal.

The quote includes increases in limits and deductibles. Exhibit 1(attached) shows all the limits and deductibles. The following chart shows a short summary of Exhibit 1.

Coverage	2022-2023 Current Limits/Deductibles	2023-2024 Limits/Deductibles in Zurich American Proposal
Blanket Building & Contents	\$66,664,288/\$10,000	\$78,493,505/\$10,000
Flood Coverage	\$5,000,000/\$50,000	\$50,000
Employee Theft per loss	\$500,000/\$5,000	\$500,000/\$5,000
General liability	\$1,000,000/\$25,000	\$1,000,000/\$25,000
Law Enforcement/Occurrence	\$1,000,000/\$25,000	\$1,000,000/\$25,000
Public Officials/Occurrence	\$1,000,000/\$25,000	\$1,000,000/\$25,000
Employment Practices	\$5,000,000/\$25,000	\$1,000,000/\$25,000
Auto Liability	\$1,000,000 CSL/\$0	\$1,000,000 CSL/\$5,000
Vehicles less than \$50,000	No Comprehensive Coverage	No Comprehensive Coverage
Vehicles \$50,001-\$250,000	\$1,000 deductible	\$2,500 deductible
Vehicles \$250,000 greater	\$2,500 deductible	\$2,500 deductible

The renewal quote includes an increase over the expiring policy. The increase in rates is primarily related to industry-wide rate increases, increase in building values by 10%, and an increase in business personal property of 5%.

Here is a premium recap:

Policy Period	2021-2022	2022-2023	2023-2024
Policy – Includes TRIA	\$279,948	\$332,582	<b>\$429,711</b>
\$10M Umbrella Includes TRIA	\$45,700	\$52,713	<b>Included in package</b>
American Alternative \$5M excess policy excludes TRIA	\$19,587	\$19,665	<b>*Not needed; Silo limits in place</b>
Total	\$345,235	\$405,260	<b>\$429,711</b>

\*The Zurich American quote provides Silo Aggregates that gives the City a separate \$10,000,000 limit over and above each of the following scheduled underlying lines of business. With the expiring Liberty Mutual coverage, the \$10,000,000 limit was shared with all the scheduled underlying limits.

Silo Limits

Excess Liability Each Occurrence	\$10,000,000
Excess Liability Silo Aggregate	\$10,000,000
General Liability	Yes
Public Official Liability	Yes
Employment Practice Liability	Yes
Automobile Liability	Yes
Employers Liability	Yes
Sexual Abuse & Molestation	Yes

Ordinance 18-107 allows the contract with McGowan Insurance to renew annually as long as any increase in the rates for the services are approved by City Council, which approval may be given as part of Council’s review and approval of the City’s annual budget. The annual premium cost is included in the 2023 budget and requires no action by Council.

Although no further action is required, the Committee’s feedback and contributions are an important source of information to the City. We value your input and recommendations. As such, we are asking the Administration Committee to support the recommendation to accept the insurance quote received by Zurich American for the policy period April 1, 2023-March 31, 2024.