

OFFICE OF THE COUNTY ADMINISTRATOR

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DATE: May 26, 2016
TO: Board of Supervisors
FROM: Dee F. Bruemmer, County Administrator
RE: Insurance Renewal Discussion

As part of the Board's review of the FY17 budget last October 2016 we discussed the bidding of our liability and worker's compensation insurance including looking at third party claims handling. We invited IMWCA/ICAP to look at our county in order to solicit a bid from the group that is a consortium of cities and counties. Currently SECC has ICAP and the mental health region is insured by IMWCA. Locally Bettendorf is insured through this consortium with great success. Along with soliciting this insurance group we asked Arthur Gallagher & Co. to solicit bids for third party administration of the worker's compensation claim and or general liability claims.

By informing our current carriers of our intention to competitively bid and having a good claim history over the last 5 years we received a bid from our current carriers Travelers/Chubb resulting in an \$80,000 reduction in premiums. We also received some changes in our need to submit quarterly reports in order to assure that new purchases are covered. Arthur Gallagher & Co. representatives will be at the Committee of the Whole to recommend the renewal and explain the positive results.

May 20, 2016

Dave Donovan
Emergency Management Coordinator
Scott County Emergency Management Agency
1100 E 46th St.
Davenport, IA 52807

Dave,

As requested by you and the administrative team at Scott County, Arthur J. Gallagher RMS, Inc., has worked this winter and spring to solicit insurance proposals from Iowa Communities Assurance Pool (ICAP) and Iowa Municipalities Workers' Compensation Association (IMWCA), in addition to incumbent insurance carriers, for Scott County's 2016-17 property and casualty insurance program. We presented a premium summary and related coverage comparison to you on May 18, 2016. After careful review of the ICAP and IMWCA proposals, the proposals of the incumbent carriers, and other supporting documentation analyzing Scott County's internal claims handling processes, it is our recommendation that Scott County continue its current insurance program with primary insurers Travelers, Chubb and Midwest Employers Casualty Company.

This insurance renewal process has proved to be a good one for Scott County, both in terms of coverage and in premium savings. Because incumbent insurance carriers Travelers and Chubb have been affiliated with the county for several years now, and because they have a better understanding of the county's exposures and claims handling procedures, they have both significantly reduced their premiums for this renewal. Total premium reduction on the current program is approximately \$81,000 when compared to the expiring.

As part of their review and pricing of the renewal, the two insurance carriers complemented the county on its low claims rate and low claims payments. Travelers agreed to providing coverage for EMA vehicles, resulting in a premium savings by eliminating the need for a special policy. Chubb agreed to provide coverage for conservation property with a lower deductible, again resulting in premium savings by eliminating the need for a special policy. Chubb also agreed to change the vehicle and equipment reporting requirements from quarterly to annually at renewal. This eliminates the potential for an uncovered claim by not submitting quarterly vehicle and equipment reports as previously required. Finally, the county's excess worker's compensation insurance carrier (Midwest Employers) recently provided a benchmarking report of Scott County's handling of work comp claims compared to other municipal clients. As expected, Scott County continues to rank in the top 5% of Midwest Employers clients in terms of efficiency and savings in handling claims.

Currently, Scott County exercises almost exclusive control over its liability and property claims. At the County's request, we also solicited pricing and servicing information from third-party administrators (TPAs), should County choose to out-source its handling of claims. At this point, we are not recommending a TPA for Scott County claims handling, but instead we recommend the County continue to study in the coming months the way it administrators/handles it claims. Among items to consider are whether the claims should continue to be handled internally, whether the claims handling should be operated out of the county attorney's office, or whether the claims handling should be operated out of the administrative or human resources offices. We offer our assistance to the County in exploring these different options, as well as exploring the possibility of using a TPA.

Sincerely,

Jeff Young, CIC

Bob Karll, CPCU

Todd Boyer, CPCU



Scott County

Insurance summary 2016-17 policy year

<u>Coverage</u>	<u>ICAP/IMWCA</u>	<u>Renewal -Travelers/Chubb</u>	<u>Expiring</u>
Gen. Liability	\$59,471 @ \$100k	\$25,502 @ \$300k (Travelers)	\$253,953
Employee benefits	Incl. in GL	\$218	incl.
Employment Practices Liability	Incl. in GL	\$18,782	incl.
Auto Liability	\$47,810	\$24,377	incl.
Law Enforcement Liability	\$50,778	\$57,262	Incl.
Public Officials Liability	\$13,814	\$6,968	incl.
Excess Liability	\$36,485	\$62,359	incl.
Cyber	Incl. in GL @ \$250k	\$6,171 @ \$500k breach	\$7,715
Property	\$183,522	\$90,381 (Chubb)	\$99,023
Vehicle Phys Damage	\$9,622	incl. in property	incl.
Med. Professional	incl. @ \$100k ded.	\$39,390 (Lloyd's) \$25k ded.	\$39,580 (Lloyd's)
Cons. Property @ \$5k ded	incl. w/ property	incl. w/ property	\$7,513 (EMC)
EMA RV's	incl. w/ \$100,000 liability deductible	\$3,225 w/ Travelers w/ no liability deductible	\$8,644 (Nat. Ind.)
<u>ICAP fees</u>	<u>\$5,967</u>	<u>none</u>	<u>none</u>
Subtotal	\$407,469	\$334,635	\$416,428
<u>Work Comp</u>	<u>\$110,652 (IMWCA)</u>	<u>\$57,408 (Midwest Employers)</u>	<u>\$55,307</u>
Total	\$518,121	\$392,043	\$471,735

THE COUNTY AUDITOR'S SIGNATURE CERTIFIES
THAT THIS RESOLUTION HAS BEEN FORMALLY
APPROVED BY THE BOARD OF SUPERVISORS ON

DATE

SCOTT COUNTY AUDITOR

R E S O L U T I O N

SCOTT COUNTY BOARD OF SUPERVISORS

JUNE 2, 2016

APPROVING the FY17 insurance renewals with Travelers, Chubb and Midwest
Employers Casualty Company in the amount of \$392,043

BE IT RESOLVED BY the Scott County Board of Supervisors as follows:

Section 1. That Scott County Board approves the renewal of insurance with
Travelers/Chubb in the amount of \$334,635 and Midwest Employers in the
amount of \$57,408 for the budget year of 2017.

Section 2. This resolution shall take effect immediately.