



Lexington-Fayette Urban County Government
DEPARTMENT OF CHIEF ADMINISTRATIVE OFFICER

Jim Gray
Mayor

Sally Hamilton
Chief Administrative Officer

TO: Jim Gray, Mayor
Members, Urban County Council
Sally Hamilton, CAO

FROM: Patrick R. Johnston
Patrick R. Johnston, Director
Division of Risk Management

DATE: May 30, 2013

RE: **FY 2014 Property & Casualty Insurance Renewals**
Aviation, Excess Liability (AL/GL/POL), Excess Property, Self-Insured Auto No-Fault Bond
and Excess Workers' Compensation

The current excess insurance policies listed above expire at midnight on June 30, 2013.

RFP's for the lines of coverage listed were prepared by the Department of Law in 2011 and 2012. Both were reviewed by the State Auditor's Office. The brokers and excess carriers are listed in Table 1 below.

A selection committee reviewed the proposals listed in Table 1 and recommend the following: Aviation with Old Republic; Liability with Munich Re (Liability – Option 3); Property with Alliant/PEPIP; SI Auto No-Fault with International Fidelity; and Workers' Compensation with New York Marine and General Insurance.

The following Table represents the policy, broker/carrier, expiring FY 2013 premium and FY 2014 premium, surcharges, fees and taxes.

Table 1

FY 2014 - LFUCG Excess Property & Casualty Proposals					
Policy	Broker/Carrier	FY 2013 Expiring Premiums	Broker/Carrier	FY 2014 Premium + Surcharges	Difference
Aviation (No RFP, <\$20K requirement)	Powell Walton Milward/ Phoenix Aviation	\$4581.00	Powell Walton Milward/ Old Republic Insurance Company	\$4581.00	\$0.00
Liability – GL/POL/AL/LE (RFP #7-2011)	Powell Walton Milward/ National Casualty Company	\$460,955.49	(Liability - Option 1) Powell Walton Milward/ Civic Risk (National Casualty– Incumbent)	\$810,455	\$349,499.51 Increase w/\$2 million self-insured retention
			(Liability - Option 2) Powell Walton Milward/ Civic Risk (National Casualty– Incumbent)	\$460,955	\$0.00 Increase w/\$3 million self-insured retention
			(Liability - Option 3) Powell Walton Milward/ Munich Re	\$561,396*	\$100,440.51 Increase w/\$2 million self-insured retention

			(Liability - Option 4) Powell Walton Milward/ C.V. Starr	\$532,263	\$71,307.51 Increase w/\$2.5 million self-insured retention
Property (RFP #13-2012)	Alliant/PEPIP	\$274,822.00	Alliant/PEPIP	\$317,403.78	\$42,581.78 Increase
Self-Insured Auto No-Fault Bond (No RFP, <\$20K requirement)	Powell Walton Milward/ International Fidelity Insurance Company	\$2,545.00	Powell Walton Milward/ International Fidelity Insurance Company	\$2,500.00	(\$45.00)
Workers' Compensation (RFP #12-2012)	Alliant/ New York Marine and General Insurance Company	\$351,018.00	Alliant/ New York Marine and General Insurance Company	\$326,989	(\$24,029.00) Decrease
Totals		\$1,093,921.49		\$1,212,869.78	\$118,948.29

*Recommended Best Option for Auto/General/Public Officials Liability

The recommended Insurance Policies represent **\$1,212,869.78** in premiums for FY 2014. This is an increase of **\$118,948.29** over FY 2013 premiums.

The following Self-Insured Retentions, Deductibles and Limits apply as noted in Table 2.

Table 2

Policy	Self-Insured Retention/Deductibles/Limits
Aviation	\$20,000,000 Combined Single Liability Limit for one Police helicopter with single and aggregate medical limits of \$10,000 and \$40,000 respectively.
Liability (Auto/General/Public Officials)	\$2,000,000 Self-Insured Retention (SIR) per occurrence, \$5 million limits
Property (Buildings, Contents, Boiler & Machinery, Property in the Open, Vehicles)	\$250,000 Deductible per occurrence with various sub-limits for flood, earthquakes and auto property damage with a \$500,000,000 all perils limit per occurrence.
Self-Insured Auto No-Fault Bond	\$200,000 Obligee Bond Amount
Workers' Compensation (LFUCG Employees)	\$750,000 Self-Insured Retention (SIR) per occurrence with a \$250,000 corridor deductible. Statutory limits.

The funds for insurance premiums are included in the proposed FY 2014 budget – Property & Casualty Insurance Premiums Account, Table 3.

Table 3

Fund	Cost Allocation	Premium	Allocation
1101-XXXXXX-XXXX-73101	81%	\$1,212,869.78	\$982,424.52
1115-XXXXXX-XXXX-73101	8%	\$1,212,869.78	97,029.58
4002-XXXXXX-XXXX-73101	11%	\$1,212,869.78	133,415.68

Your approval is respectfully requested for authorization to bind coverage with the recommended excess insurance carriers and bond companies.

Cc: Glenn Brown, Deputy CAO

Janet Graham, Commissioner – Department of Law

William O'Mara, Commissioner – Department of Finance

Todd Slatin, Director – Division of Purchasing

Melissa Lueker, Acting Director – Division of Budgeting

Lutcher Sinclair, Risk Management Analyst – Division of Risk Management – Department CAO

ATTACHMENTS (5) – Listed Policies from Table 1

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