



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 22, 2015

RE: **FY 2016 Property & Casualty Insurance Renewals**
Aviation, Excess Liability (AL/GL/POL), Excess Property, Cyber Liability, Pollution Liability,
And Excess Workers' Compensation

The current excess insurance policies listed in the "Policy" Column in Table I below will expire at midnight on June 30, 2015.

The policies listed in Table 1 have been recommended for renewal by LFUCG's broker J SMITH LANIER & CO- LEXINGTON/Powell Walton Milward. In addition, the Aviation Hull Damage Policy is being recommended for the two helicopters in consideration of the combined helicopter and on-board equipment values.

Table 1

FY 2016 - LFUCG Excess Property & Casualty Proposals					
Policy	FY 2015 Broker/Carrier	FY 2015 Premium + Surcharges	FY 2016 Recommended Broker/Carrier	FY 2016 Premium + Surcharges	Difference +/-)
Aviation Liability	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/ Old Republic Insurance Company	\$8772.00	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/ Old Republic Insurance Company	\$8772.00	0.00
Aviation Hull Damage	None	None	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/ Old Republic Insurance Company	\$21,459.00	+\$21,459.00
Liability – GL/POL/AL/LE	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/ American Alternative Insurance - Munich Re	\$513,900.00	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/ American Alternative Insurance - Munich Re	\$526,951.00	+\$13,051.00
Property	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/ Affiliated Factory Mutual (FM)	\$323,643.04	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/ Affiliated Factory Mutual (FM)	\$323,658.83	+\$15.79 Property Values increased \$5.9mil

Cyber Liability	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ National Union Fire Insurance Company of Pittsburg, PA	\$28,814.00	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ National Union Fire Insurance Company of Pittsburg, PA	\$28,530.00	(\$284.00)
Pollution Legal Liability	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ AIG Specialty Insurance Company	\$19,954.28	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ AIG Specialty Insurance Company	\$20,341.00	+\$386.72
Workers' Compensation	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ Safety National Casualty Corporation	\$299,778.00	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ Safety National Casualty Corporation	\$325,628.00	+\$25,850.00
Totals		\$1,194,861.32		\$1,255,339.83	+\$60,478.51 or +5%

The recommended Insurance Policies represent **\$1,255,339.83** in premiums for FY 2016. This is an increase of \$60,478.51. (5%) compared to FY 2015 premiums. The majority of the increases are due to the added Aviation Hull Damage (\$21,459.00); Workers' Compensation (\$25,850.00); and General Liability (\$13,051.00) as noted in **Table I**.

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

Table 2

Policy	Self-Insured Retention/Deductibles/Limits
Aviation Liability	\$20,000,000 Combined Single Liability Limit for two Police helicopters with single and aggregate medical limits of \$10,000 and \$40,000 respectively.
Aviation Hull Damage	\$0.00 Not in Motion; 1% (\$8760.00) of hull/equipment value (\$876,000)
Liability (Auto/General/Public Officials/Law Enforcement)	\$2,000,000 Self-Insured Retention (SIR) per occurrence, \$5 million limits
Cyber Liability	\$100k deductible with \$2million Limits
Pollution Liability	\$75k deductible with \$1million Limits
Property (Buildings, Contents, Boiler & Machinery, Property in the Open, Vehicles, Animals)	\$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.
Workers' Compensation (LFUCG Employees)	\$1,000,000 Self-Insured Retention (SIR) per occurrence.

The funds for insurance premiums are included in the proposed FY 2016 budget – Property & Casualty Insurance Premiums Account, **Table 3** as estimated by the Division of Accounting.

Table 3

Fund	Cost Allocation	Premium	Allocation By Fund
1101-XXXXXX-XXXX-73101	74.93%	\$1,255,339.83	\$940,626.13
1115-XXXXXX-XXXX-73101	4.78%	\$1,255,339.83	\$60,005.24
4002-XXXXXX-XXXX-73101	20.14%	\$1,255,339.83	\$252,825.44
4051-XXXXXX-XXXX-73101	.15%	\$1,255,339.83	\$1883.01

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

Cc: Glenn Brown, Deputy CAO
Janet Graham, Commissioner – Department of Law
Thomas Sweeney, Claims Manager – Department of Law
Todd Slatin, Director – Division of Purchasing
Lindsey Luker, Risk Management Accountant – Division of Accounting
Lutcher Sinclair, Risk Management Analyst – Division of Risk Management – Department CAO
ATTACHMENTS (7) – Listed Policies from Table 1

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