



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*
Patrick R. Johnston, Director
Division of Risk Management

DATE: June 3, 2014

RE: **FY 2015 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 the table below will expire at midnight on June 30, 2014.

A selection committee made up of members from the Mayor's Office, Council Office, Purchasing, and Risk Management reviewed 37 proposal responses provided by LFUCG's broker (J SMITH LANIER & CO-LEXINGTON/Powell Walton Milward) and recommend the following listed in Table 1.

Table 1

FY 2015 - LFUCG Excess Property & Casualty Proposals					
Policy	FY 2014 Broker/Carrier	FY 2014 Expiring Premiums	FY 2015 Recommended Broker/Carrier	FY 2015 Premium + Surcharges	Difference +/-
Aviation	Powell Walton Milward/ Old Republic Insurance Company	\$4581	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/ Old Republic Insurance Company	\$8772.11	+\$4191.11 +91% Increase due to Police operating two helicopters instead of one.
Liability – GL/POL/AL/LE	Powell Walton Milward/ American Alternative Insurance – Munich Re	\$561,396	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/ American Alternative Insurance - Munich Re	\$513,900.00	(\$47,496) Premium – (8%) Rate – (18%)
Property	Alliant/PEPIP	\$317,404	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/ Affiliated Factory Mutual (FM)	\$323,643.04	+\$6239.04 +2% Increase due to prior Property Carrier declining renewal resulting from large property loss (Court House)
Cyber Liability	Included in Property for FY 2014	N/A	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ National Union Fire Insurance	\$28,614.00	N/A

			Company of Pittsburg, PA		
Pollution	Included in Property for FY 2014	N/A	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ AIG Specialty Insurance Company	\$19,954.28	N/A
Workers' Compensation	Alliant/ New York Marine and General Insurance Company	\$326,989	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ Safety National Casualty Corporation	\$299,778.00	(\$27,211.00) Premium – (8%) Rate – (18%)
Totals		\$1,210,370		\$1,194,661.43	(\$15,708.57) -1.3%

A Marketing summary of the 37 proposal responses is available for inspection in the Division of Purchasing or Risk Management.

The recommended Insurance Policies represent **\$1,194,661.43** in premiums for FY 2015. This is a decrease of **(\$15,708.57)** compared to FY 2014 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 two Police helicopter with single and aggregate medical limits of \$10,000 and \$40,000 respectively.
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 compared to \$750,000 (SIR) with \$250,000 corridor deductible for FY 2014.

The funds for insurance premiums are included in the proposed FY 2015 budget – Property & Casualty Insurance Premiums Account, Table 3.

Table 3

Fund	Cost Allocation	Premium	Allocation
1101-XXXXXX-XXXX-73101	80.16%	\$1,194,661.43	\$957,640.60
1115-XXXXXX-XXXX-73101	7.32%	\$1,194,661.43	\$87,449.22
4002-XXXXXX-XXXX-73101	11.9%	\$1,194,661.43	\$142,164.71
4051-XXXXXX-XXXX-73101	.62%	\$1,194,661.43	\$7406.90

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

William O'Mara, Commissioner – Department of Finance

Todd Slatin, Director – Division of Purchasing

Melissa Lueker, Director – Division of Budgeting

James Hoskins, Risk Management Accountant – Division of Accounting/Lindsey Laker

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

ATTACHMENTS (6) – Listed Policies from Table 1

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