



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 23, 2018

RE: **FY 2019 Excess Property & Casualty Insurance Renewals**
 Aviation, Excess Retained Limit Liability (AL/GL/POL,LE), 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, 2018.

The policies listed in Table 1 have been recommended for renewal by LFUCG's broker J SMITH LANIER & CO- LEXINGTON/Powell Walton Milward. More specifically, J Smith Lanier & Co is recommending Proposal #2 for Cyber Liability.

Table 1

FY 2018 - LFUCG Excess Property & Casualty Proposals					
Policy	FY 2018 Broker/Carrier	FY 2018 Premium + Surcharges	FY 2019 Broker/Carrier Recommended	FY 2019 Premium + Surcharges	Increase/ Decrease +/(-)
Aviation Liability & Hull Damage (Police Helicopters)	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/ Old Republic Insurance Company	\$29,162.00	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/ Old Republic Insurance Company	\$30,772.00	+5.5%
Retained Limit Liability GL/POL/AL/LE	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/Safety National	\$487,973.67	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/Safety National	\$487,973.67.0 0	0%
Property	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/Affiliated Factory Mutual (FM)	\$318,431.15	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/ Affiliated Factory Mutual (FM)	\$320,026.05	+5%



Cyber Liability (Incumbent Proposal) #1	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ National Union Fire Insurance Company of Pittsburg, PA	\$28,563.00	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ National Union Fire Insurance Company of Pittsburg, PA	\$29,717.00	+4%
Cyber Liability (New Proposal) #2	N/A	N/A	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ACE American Insurance Company (Chubb Group)	\$21,748.77	(27% less than in- cumbent quote)
Pollution Legal Liability	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ AIG Specialty Insurance Company	\$17,912.77	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ AIG Specialty Insurance Company	\$18,494.71	+3.2%
Workers' Compensation	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ Safety National Casualty Corporation	\$404,958.00	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ Safety National Casualty Corporation	\$398,383.00	(1.6%)
Totals		\$1,286,799.92	w/Cyber Proposal #1 w/Cyber Proposal #2	\$1,285,366.43 \$1,277,398.20	(<1%)

The recommended Insurance Policies represent **\$1,285,366.43 (Proposal #1)** or **\$1,277,398.20 (Proposal #2)** in premiums for FY 2019. This is a decrease of **\$1433.49 (Proposal #1)** or **\$9401.72 (Proposal #2)** or **(<1%)** compared to FY 2018 premiums. Proposal #2 is recommended.

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)	\$1,500,000 Self-Insured Retention (SIR) per occurrence \$10mil occurrence/\$12 million aggregate limits
Cyber Liability	Proposal #1: Increased Premium. \$100k deductible with \$2million Limits. Proposal #2: Lower Premium. \$100k deductible with \$2million Limits. (Proposal #2 for Cyber Liability Recommended)
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 2019 budget – Property & Casualty Insurance Premiums Account, **Table 3** as estimated by the Division of Accounting and Budgeting.

Table 3 (FY 2019 Allocations)

(Recommend Proposal #2)

Fund	Cost Allocation %	Premium Proposal #1	Allocation By Fund - \$ Proposal #1	Premium Proposal #2	Allocation By Fund-\$ Proposal #2
1101-XXXXXX-XXXX-73101	73.32%	\$1,285,366.43	\$942,430.67	\$1,277,398.20	\$936,588.36
1115-XXXXXX-XXXX-73101	6.89%	\$1,285,366.43	\$88,561.75	\$1,277,398.20	\$88,012.74
4002-XXXXXX-XXXX-73101	19.62%	\$1,285,366.43	\$252,188.89	\$1,277,398.20	\$250,625.53
4051-XXXXXX-XXXX-73101	.17%	\$1,285,366.43	\$2,185.12	\$1,277,398.20	\$2,171.58

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

Todd Slatin, Director – Division of Purchasing

Cecily Chan, Accountant Senior – Division of Accounting

Faye Clark, Risk Management Accountant – Division of Accounting

Denia Channels, Risk Management Analyst – Division of Risk Management – Department CAO

ATTACHMENTS (1) – Listed Policies from Table 1

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