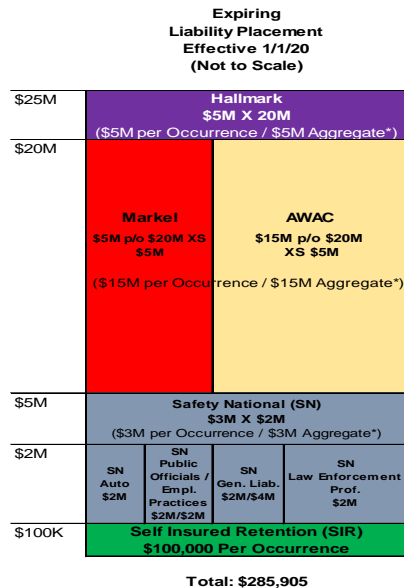


# CITY OF MARYSVILLE AGENDA BILL

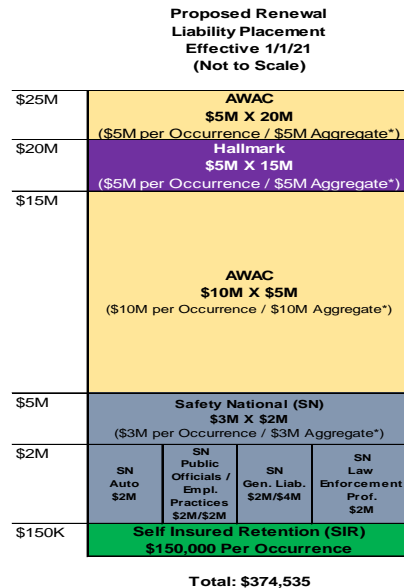
## EXECUTIVE SUMMARY FOR ACTION

**CITY COUNCIL MEETING DATE: 12-14-2020**

<b>AGENDA ITEM: Liability Renewal Proposal 2021-2022</b>	
<b>PREPARED BY: Diana Rose</b>	<b>DIRECTOR APPROVAL:</b>
<b>DEPARTMENT: Executive</b>	
<b>ATTACHMENTS:</b> Alliant Liability Renewal Proposal 2021-2022 packet	
<b>BUDGET CODE:</b>	<b>AMOUNT: \$374,535</b>
<p><b>SUMMARY: The city's General Liability/Casualty insurance expires 1-1-2021. This is the proposed renewal for 2021-2022. This proposed renewal has a rate increase of 31%. This increase is the result of nationwide concerns regarding lawsuits and police liability that other jurisdictions are experiencing.</b></p>	



\*Except Auto, which is outside Aggregate



\*Except Auto, which is outside Aggregate

**RECOMMENDED ACTION:**

Staff recommends that Council authorize the Mayor or sign and execute \_\_\_\_\_.

**RECOMMENDED MOTION:**

I move to authorize the Mayor to sign and execute \_\_\_\_\_.

# Liability Renewal Proposal 2021 – 2022

Presented on December 8, 2020 by:

Brian White  
First Vice President

Anne Shackelford  
Vice President

Deborah Bovee, CPCU, ARM-P  
Senior Vice President

Alliant Insurance Services, Inc.  
1420 Fifth Avenue, Suite 1500  
Seattle, WA 98101  
O 206 204 9140  
F 206 204 9205

CA License No. 0C36861

[www.alliant.com](http://www.alliant.com)

## Table of Contents

Your Service Team .....	3
Liability Insurance Market Update: December, 2020.....	4
Casualty Insurance Program Structure: Expiring & Renewal .....	5
Line of Coverage – General Liability Program - \$25,000,000.....	6
Disclosures.....	9
NY Regulation 194.....	10
FATCA:.....	10
Claims Reporting: .....	10
NRRA: .....	10
Changes and Developments.....	11
Certificates / Evidence of Insurance .....	11
Flood Offering .....	12
Request to Bind Coverage.....	13

## Your Service Team

---

<b>Brian White</b> First Vice President <a href="mailto:bwhite@alliant.com">bwhite@alliant.com</a>	Phone: 206-204-9126 Cell: 415-203-5983
--	---

---

<b>Anne Shackelford</b> Vice President <a href="mailto:Anne.shackelford@alliant.com">Anne.shackelford@alliant.com</a>	Phone: 206-454-8021 Cell: 425-231-4714
---	---

---

<b>Vicki Holaday, CRM, CIC, APA, AU</b> Assistant Vice President / Account Executive <a href="mailto:vholaday@alliant.com">vholaday@alliant.com</a>	Phone: 206-204-9138
---	---------------------

---

<b>Renee Judge, AAI, AIS</b> Account Executive <a href="mailto:rjudge@alliant.com">rjudge@alliant.com</a>	Phone: 206-204-9174
---	---------------------

---

<b>Jamie Arnoldi</b> Account Manager <a href="mailto:Jamie.Arnoldi@alliant.com">Jamie.Arnoldi@alliant.com</a>	Phone: 949 627 7000
---	---------------------

---

<b>Debbie Bovee, CPCU, ARM-P</b> Senior Vice President <a href="mailto:dbovee@alliant.com">dbovee@alliant.com</a>	Phone: 206-204-9173 Cell: 206-276-7418
---	---

---

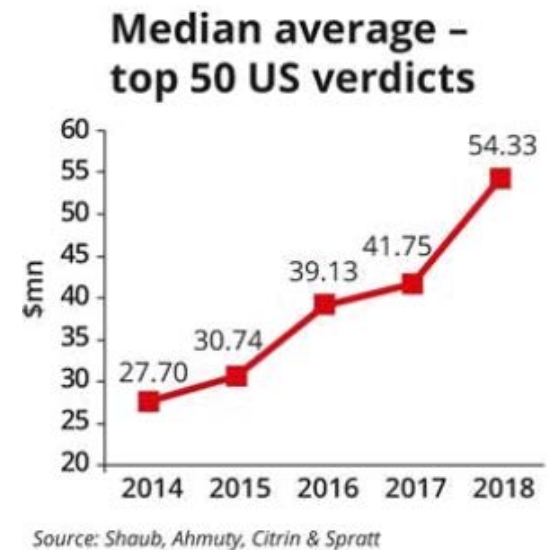
<b>Joyce Roberts, CISR</b> Account Manager <a href="mailto:jeroberts@alliant.com">jeroberts@alliant.com</a>	Phone: 206-204-9175
---	---------------------

---

## Liability Insurance Market Update: December, 2020

The Casualty insurance market is undergoing a significant realignment in terms of available capacity, underwriters' appetite, and pricing adequacy. The Public Sector, in particular, is experiencing this in an acute way. The core issues impacting this market shift are as follows:

- Alarming increase in the frequency and severity of large claims. Suggested variables impacting severity of loss:
  - **Defendant Mistrust:** Plaintiff counsel are arguing that public entities are putting budgetary considerations over citizen safety;
  - **Litigation Financing:** There is a growing trend for third parties to finance plaintiffs' lawsuits, underwrite expensive experts, etc., making it easier for plaintiff's to "hang in there" to the end;
  - **Social Inflation / Corporate / Public Sector "Deep Pockets":** Where the news of large verdicts travel via regular and social media which may influence what a jury's notion of what a reasonable verdict might be;
  - **"Anchoring"** or setting the bar: where the plaintiff's lawyer argues for \$20 million and the jury might award \$10M to split the difference, regardless of what the facts call for.
- Washington State Venue – very limited tort protections/immunities:
  - Joint & Several Liability
- Market withdrawal / Capacity Reductions over the last several years from key markets, accelerating more recently
- Insurers content that prior to 2019 Excess pricing been stagnant over many years, but has also not kept pace with the realities of an increased frequency in severe claims.
- Social environment around Law Enforcement activities



It is unclear how long this environment will continue. Much of that will depend on underwriting performance over the coming year(s) relative to the Public Sector's own loss experience and the insurers' overall performance. Development within insurers' historical claims will play a key role, given many losses in recent years have not yet resolved themselves, as will whether enough new entrants to the market will materialize and create additional capacity to offset the current constraints.

## Casualty Insurance Program Structure: Expiring & Renewal

**Expiring  
Liability Placement  
Effective 1/1/20  
(Not to Scale)**

\$25M	<b>Hallmark</b> <b>\$5M X 20M</b> (\$5M per Occurrence / \$5M Aggregate*)			
\$20M	<b>Market</b> \$5M p/o \$20M XS \$5M (\$15M per Occurrence / \$15M Aggregate*)		<b>AWAC</b> \$15M p/o \$20M XS \$5M	
\$5M	<b>Safety National (SN)</b> <b>\$3M X \$2M</b> (\$3M per Occurrence / \$3M Aggregate*)			
\$2M	<b>SN Auto</b> \$2M	<b>SN Public Officials / Empl. Practices</b> \$2M/\$2M	<b>SN Gen. Liab.</b> \$2M/\$4M	<b>SN Law Enforcement Prof.</b> \$2M
\$100K	<b>Self Insured Retention (SIR)</b> <b>\$100,000 Per Occurrence</b>			

**Total: \$285,905**

\*Except Auto, which is outside Aggregate

**Proposed Renewal  
Liability Placement  
Effective 1/1/21  
(Not to Scale)**

\$25M	<b>AWAC</b> <b>\$5M X 20M</b> (\$5M per Occurrence / \$5M Aggregate*)			
\$20M	<b>Hallmark</b> <b>\$5M X 15M</b> (\$5M per Occurrence / \$5M Aggregate*)			
\$15M	<b>AWAC</b> <b>\$10M X \$5M</b> (\$10M per Occurrence / \$10M Aggregate*)			
\$5M	<b>Safety National (SN)</b> <b>\$3M X \$2M</b> (\$3M per Occurrence / \$3M Aggregate*)			
\$2M	<b>SN Auto</b> \$2M	<b>SN Public Officials / Empl. Practices</b> \$2M/\$2M	<b>SN Gen. Liab.</b> \$2M/\$4M	<b>SN Law Enforcement Prof.</b> \$2M
\$150K	<b>Self Insured Retention (SIR)</b> <b>\$150,000 Per Occurrence</b>			

**Total: \$374,535**

\*Except Auto, which is outside Aggregate

## Line of Coverage – General Liability Program - \$25,000,000

	<b>EXPIRING COVERAGE 2020-2021</b>	<b>RENEWAL COVERAGE 2021-2022</b>
<b>INSURANCE COMPANY:</b>	Safety National / Allied World / Evanston / Hallmark	Safety National / Allied World / Hallmark
<b>A.M. BEST RATING:</b>	Safety National – A+ (Superior), Financial Size Category XV (\$2 Billion or greater), as of 10/3/19 Allied World – A (Excellent), Financial Size Category XV (\$2 Billion or greater), as of 2/15/19 Evanston Insurance – A (Excellent), XV (\$2 Billion or greater) as of 12/19/18 Hallmark – A- (Excellent), IX (\$250 Million to \$500 Million) as of 8/27/19	Safety National – A++ (Superior), Financial Size Category XV (\$2 Billion or greater), as of 11/11/20 Allied World – A (Excellent), Financial Size Category XV (\$2 Billion or greater), as of 2/28/20 Hallmark – A- (Excellent), VIII (\$100 Million to \$250 Million) as of 10/16/2020
<b>STANDARD &amp; POOR’S RATING:</b>	Safety National – A+, pulled 11/26/19 Allied World – A-, pulled 11/26/19 Evanston Insurance – A, pulled 11/26/19 Hallmark – Not Rated	Safety National – A+, pulled 11/20/20 Allied World – A-, pulled 11/20/20 Hallmark – Not Rated
<b>STATE COVERED STATUS:</b>	Admitted / Non-Admitted / / Non-Admitted / Non-Admitted	Admitted / Non-Admitted / Non-Admitted / Non-Admitted
<b>POLICY / COVERAGE TERM:</b>	January 1, 2020 to January 1, 2021	January 1, 2021 to January 1, 2022
<b>Occurrence Form-Including:</b> Auto Liability, General Liability, Law Enforcement Liability, Public Officials Liability, Employment Practices Liability, Employee Benefits Liability and Stop Gap Liability	Excess Liabilities: \$25,000,000 Each Occurrence/Wrongful Act/ Accident	Excess Liabilities: \$25,000,000 Each Occurrence/Wrongful Act/ Accident
<b>Exclusions</b> (including but not limited to):		
Communicable Disease/Infectious Agents	Not Excluded	Excluded at \$10M x \$5M AWAC Layer and upwards
Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS)	Not Excluded	Excluded at \$5M x \$15M Hallmark Layer and upwards
Failure to Supply Water	Not Excluded	Not Excluded

	EXPIRING COVERAGE 2020-2021	RENEWAL COVERAGE 2021-2022
Subsidence	Not Excluded	Not Excluded
Loss Prevention / Risk Management Subsidy	\$10,000	\$10,000
Subsidence	Not Excluded	Not Excluded
Total Pollution Exclusion except for Hostile Fire Exception	✓	✓
Nuclear Energy Liability	Excluded	Excluded
Fungi/Bacteria/Silica/Asbestos/Lead	Excluded	Excluded
ERISA Coverage	Excluded	Excluded
Amended Definition of Bodily Injury	✓	✓
Unintentional Failure to Disclose Haz or Occ	✓	✓
Co-Employee Exclusion Carveback	✓	✓
Injury to Volunteer Firefighters	Excluded	Excluded
Waiver of Premium Audit Condition	✓	✓
Medical Expense Coverage	Excluded	Excluded
<b>Other Terms/Conditions:</b>		
Modified SIR – Periodic Claim Reporting	Quarterly Reporting Requirement	Quarterly Reporting Requirement
Broadened Named Insured	✓	✓
Includes Care, Custody or Control of the “autos” of others the insured is providing maintenance or repair services to	✓	✓
Flat Annual Premium – Non-Audit	✓	✓
90 Day Notice of Cancellation; except 10 Days for Non-Payment	✓	✓
Unmanned Aircraft Exception to Aircraft Exclusion	Drones are not covered	Drones are not covered



	EXPIRING COVERAGE 2020-2021	RENEWAL COVERAGE 2021-2022
Blanket Primary/Non-Contributory Endorsement when required by written contract	✓	✓
Blanket Waiver of Subrogation	✓	✓
Limited Pollution: Pesticide/Herbicide & Water Treatment/Purification	Not Included	New Enhancement Endorsement
Clash Coverage	Not Included	New Enhancement Endorsement
Incidental Medical Malpractice (Paramedic/EMTs)	Not Included	New Enhancement Endorsement
Defense Costs	Inside the Limit / Inside the SIR	Inside the Limit / Inside the SIR
<b>Self-Insured Retention All Coverages, Any One Occurrence or Wrongful Act</b>	<b>\$100,000 Self-Insured Retention</b>	<b>\$150,000 Self-Insured Retention</b>
<b>Total Program Premium</b>	<b>\$285,905</b>	<b>\$374,535 (+31%)</b>
<b>Binding Conditions:</b>	No Longer Applicable	<ul style="list-style-type: none"> <li>Signed Bind Request – See Page 13</li> <li>All Surplus Lines Taxes/Fees are Fully Earned</li> </ul>

- \*Includes Surplus Lines Taxes and Fees where applicable

## Disclosures

**This proposal of insurance is provided as a matter of convenience and information only. All information included in this proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by you. This proposal does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.**

**Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal, whether or not this offer has already been accepted.**

**This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance.**

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at [www.alliant.com](http://www.alliant.com). For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at [www.ambest.com](http://www.ambest.com). For additional information regarding insurer financial strength ratings visit Standard and Poor's website at [www.standardandpoors.com](http://www.standardandpoors.com).

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

## NY Regulation 194

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.

---

## Other Disclosures / Disclaimers

### FATCA:

The Foreign Account Tax Compliance Act (FATCA) requires the notification of certain financial accounts to the United States Internal Revenue Service. Alliant does not provide tax advice so please contact your tax consultant for your obligation regarding FATCA.

### Claims Reporting:

Your policy will come with specific claim reporting requirements. Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.

### NRRA:

The Non-Admitted and Reinsurance Reform Act (NRRA) went into effect on July 21, 2011. Accordingly, surplus lines tax rates and regulations are subject to change which could result in an increase or decrease of the total surplus lines taxes and/or fees owed on this placement. If a change is required, we will promptly notify you. Any additional taxes and/or fees must be promptly remitted to Alliant Insurance Services, Inc.

## Other Disclosures / Disclaimers - Continued

### Changes and Developments

It is important that we be advised of any changes in your operations, which may have a bearing on the validity and/or adequacy of your insurance. The types of changes that concern us include, but are not limited to, those listed below:

- Changes in any operations such as expansion to another states, new products, or new applications of existing products.
- Travel to any state not previously disclosed.
- Mergers and/or acquisition of new companies and any change in business ownership, including percentages.
- Any newly assumed contractual liability, granting of indemnities or hold harmless agreements.
- Any changes in existing premises including vacancy, whether temporary or permanent, alterations, demolition, etc. Also, any new premises either purchased, constructed or occupied
- Circumstances which may require an increased liability insurance limit.
- Any changes in fire or theft protection such as the installation of or disconnection of sprinkler systems, burglar alarms, etc. This includes any alterations to the system.
- Immediate notification of any changes to a scheduled of equipment, property, vehicles, electronic data processing, etc.
- Property of yours that is in transit, unless previously discussed and/or currently insured.

### Certificates / Evidence of Insurance

A certificate is issued as a matter of information only and confers no rights upon the certificate holder. The certificate does not affirmatively or negatively amend, extend or alter the coverage afforded by a policy. Nor does it constitute a contract between the issuing insurer(s), authorized representative, producer or certificate holder.

You may have signed contracts, leases or other agreements requiring you to provide this evidence. In those agreements, you may assume obligations and/or liability for others (Indemnification, Hold Harmless) and some of the obligations that are not covered by insurance. We recommend that you and your legal counsel review these documents.

In addition to providing a certificate of insurance, you may be required to name your client or customer on your policy as an additional insured. This is only possible with permission of the insurance company, added by endorsement and, in some cases, an additional premium.

By naming the certificate holder as additional insured, there are consequences to your risks and insurance policy including:

- Your policy limits are now shared with other entities; their claims involvement may reduce or exhaust your aggregate limit.
- Your policy may provide higher limits than required by contract; your full limits can be exposed to the additional insured.
- There may be conflicts in defense when your insurer has to defend both you and the additional insured.

***See Request to Bind Coverage page for acknowledgement of all disclaimers and disclosures.***

## Flood Offering

Flooding is a serious threat to both personal and commercial clients. Flooding can happen anywhere, not just zone referred to as high-risk areas (Special Flood Hazard Area). Your Alliant team is ready to explain how it works and the associated costs.

### ▪ Basic Facts

Congress created the NFIP in 1968 in response to the rising cost of taxpayer-funded disaster relief for flood victims and the increasing amount of damage caused by floods. The NFIP makes federally backed flood insurance available in communities that agree to adopt and enforce floodplain management ordinances to reduce future flood damage. The NFIP is self-supporting for the average historical loss year. This means that unless there is a widespread disaster, operating expenses and flood insurance claims are financed through premiums collected.

Commercial buildings or residential dwellings owned by commercial entities are considered commercial property. All others are residential dwellings

The [FEMA Summary for Commercial Property](#) and [FEMA Standard Summary of Coverage](#) provides information on the following:

- Types of Flood Insurance Coverage
- What is a Flood- “a General and temporary condition of partial or complete inundation of two or more acres of normally dry land area”...
- Deductibles – various options to meet your financial needs
- What is Covered and What is Not
- The valuation of the Property – Actual Cash Value or Replacement Cost

### ▪ Additional Information

- Flood Zones
  - <https://www.fema.gov/flood-zones>
- Excess Flood Insurance (contact your Producer for additional information)
  - Increased limits over the maximum flood limit provided by NFIP

### ▪ FEMA Glossary of Flood Terms

<https://www.fema.gov/national-flood-insurance-program/definitions>

---

If you do NOT wish to purchase flood insurance your signature is required below:

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name Printed / Typed: \_\_\_\_\_

Company Name: \_\_\_\_\_

## Request to Bind Coverage

City of Marysville

We have reviewed the proposal and agree to the terms and conditions of the coverages presented. We are requesting coverage to be bound as outlined by coverage line below:

Coverage Line	Bind Coverage for:
General Liability/Excess Liability-\$25M	<input type="checkbox"/>

**Did you know that Alliant works with premium financing companies? Are you interested in financing your annual premium?**

Yes, please provide us with a financing quote.	No, we do not wish to finance our premium.
<input type="checkbox"/>	<input type="checkbox"/>

*This Authorization to Bind Coverage also acknowledges receipt and review of all disclaimers and disclosures, including exposures used to develop insurance terms, contained within this proposal.*

\_\_\_\_\_  
**Signature of Authorized Insured Representative**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Title**

\_\_\_\_\_  
**Printed / Typed Name**

**This proposal does not constitute a binder of insurance. Binding is subject to the final carrier approval. The actual terms and conditions of the policy will prevail.**