

**CITY OF MARYSVILLE AGENDA BILL
EXECUTIVE SUMMARY FOR ACTION**

CITY COUNCIL MEETING DATE: 12/20/21

AGENDA ITEM: Liability Renewal Proposal 2022/2023	
PREPARED BY: William Stuflick	DIRECTOR APPROVAL:
DEPARTMENT: Executive	
ATTACHMENTS:	Liability Renewal Proposal 2022/2023
BUDGET CODE:	AMOUNT: \$440,367
<p>SUMMARY: The City's General Liability insurance expires 1/1/2022. This is the proposed renewal for 2022/2023. The proposed renewal rate increased 18% due to the increase in frequency, severity, and award of large liability claims. Suggested variables impacting insurance premiums are limited tort protections/immunities in WA State and market provider withdrawal/capacity reductions.</p>	

<p>RECOMMENDED MOTION: Staff recommends that Council authorize the Mayor to sign and execute the 2022/2023 Liability Insurance Binder with Alliant.</p>
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City of Marysville



Liability Renewal Proposal 2022 – 2023

Presented on December 10, 2021

Brian White
First Vice President

Anne Shackelford
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

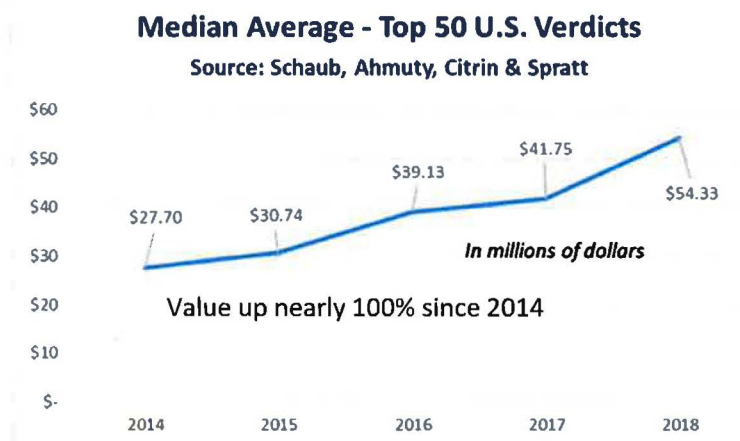
www.alliant.com

Liability Insurance Market Update: December, 2021

The Casualty insurance market continues to undergo significant realignment in terms of available capacity, underwriters' appetite, and pricing adequacy. The Public Sector, in particular, is experiencing this in an acute way. Public Entities with Law Enforcement exposure are under even greater pressure. 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 – in Spring, 2021 yet another large writer (Trident/Argonaut) of Excess Liability for Public Sectors ceased operations.
- Insurers contend 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.



City of Marysville | 2022 – 2023 Liability Insurance Proposal

	EXPIRING COVERAGE 2021-2022	RENEWAL COVERAGE 2022-2023
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
Other Terms/Conditions:		
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
Blanket Primary/Non-Contributory Endorsement when required by written contract	✓	✓

City of Marysville | 2022 – 2023 Liability Insurance Proposal

	EXPIRING COVERAGE 2021-2022	RENEWAL COVERAGE 2022-2023
Blanket Waiver of Subrogation	✓	✓
Limited Pollution: Pesticide/Herbicide & Water Treatment/Purification	✓	✓
Clash Coverage	✓	✓
Incidental Medical Malpractice (Paramedic/EMTs)	✓	✓
Defense Costs	Inside the Limit / Inside the SIR	Inside the Limit / Inside the SIR
Self-Insured Retention All Coverages, Any One Occurrence or Wrongful Act	\$150,000 Self-Insured Retention	\$150,000 Self-Insured Retention
Total Program Premium	\$374,535	\$440,367 (18%)
Binding Conditions:	No Longer Applicable	<ul style="list-style-type: none"> • Signed Bind Request • All Surplus Lines Taxes/Fees are Fully Earned

*Includes Surplus Lines Taxes and Fees where applicable

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:
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.