



ADDENDUM

Meeting of the Connect Transit Board of Trustees May 22, 2018

F. New Business

- 1. Recommendation of FY 2019 Property and Casualty Insurance Renewal**



MEMO

May 22, 2018

TO: Board of Trustees
FROM: Pat Kuebrich, Finance Director
Subject: Recommendation for FY 2019 Property and Casualty Insurance Renewal

RECOMMENDATION: Authorize the General Manager to renew property and casualty insurance effective July 1, 2018 through June 30, 2019.

BACKGROUND: Connect is renewing the property and casualty insurance from July 1, 2018 through June 30, 2019. This renewal covers the following insurance coverage: workers' compensation, property, crime, general liability, automotive liability, automotive comprehensive, umbrella, directors and officers errors and omissions coverage, employment practices liability coverage, and employee benefits liability coverage.

DISCUSSION: Connect will receive a \$66,553.00 decrease in premium for workers' compensation insurance renewal. The decrease came through improved loss experience, decrease in Experience Mod and a reduction in rates by United Heartland.

The largest increase in the Property and Casualty Insurance renewal was vehicle liability coverage due to increased exposure over the last five years. In providing Connect, auto liability rates the insurance companies look back over a five year period to review the number of claims and losses. For fiscal year 2019, One Beacon insurance chose not to renew or provide rates and required us to seek a new insurance provider. In 2013, 2015, and 2017 Connect had average to below average losses, but 2014 and 2016 the losses have been above average. The liability exposure in 2015 was substantial due to an uninsured motorist.

Connect reviewed higher deductible insurance options such as \$10,000, \$25,000, and \$50,000. These higher deductible options did not provide annual premium savings to absorb additional exposure risk.

FINANCIAL IMPACT: The total cost for this renewal \$540,610, will come from the FY2019 operating budget.



Premium Summary

<i>Carrier/AM Best Rating Coverage</i>	<i>2017-18 OneBeacon Renewal Premium</i>	<i>OneBeacon Expiring Rates Adjusted to Current Rating Basis</i>	<i>2018-19 Travelers Premium \$5,000 Deductible Only PD Comp.</i>
United Heartland – A- X Workers’ Compensation*	\$261,170	\$270,490	\$194,617
Travelers – A++ XV Scottsdale Indemnity - A+ XV Hudson Specialty Insurance – A XV Property, Equipment Breakdown, Inland Marine	\$11,824	\$11,251	\$15,506
Travelers – A++ XV Scottsdale Indemnity - A+ XV Hudson Specialty Insurance – A XV General Liability	\$6,972	\$5,251	\$5,342
Travelers – A++ XV Scottsdale Indemnity - A+ XV Hudson Specialty Insurance – A XV Automobile Liability	\$156,864	\$192,942	\$237,459
Travelers – A++ XV Scottsdale Indemnity - A+ XV Hudson Specialty Insurance – A XV Automobile Comprehensive	Included in above	Included in above	Included in above
Travelers – A++ XV Scottsdale Indemnity - A+ XV Hudson Specialty Insurance – A XV Umbrella	\$42,379	\$48,800	\$64,547
Travelers – A++ XV Stratford Insurance – A XV D&O, EPL	\$3,932	\$3,932	\$19,459
Federal Insurance Company “Chubb” – A++ XI Fiduciary	\$3,640	\$3,640	\$3,680
Hanover Insurance Company – A XV Crime - Three year prepaid	\$2,238	Pre-paid	Pre-paid
Total Carrier Premium	\$489,019	\$536,306	\$540,610
Third Party Administrator	N/A	N/A	N/A
Loss Fund for Deductible or SIR (If not used for claims Connect Transit retains)	N/A	N/A	N/A
Total Estimated Cost	\$489,019	\$536,306	\$540,610



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