



TO: President Gardiner and Members of Town Council

FROM: Dustin Anderson, Town Manager

SUBJECT: Binding of Coverage for Property, Casualty, and Workers' Compensation Coverage

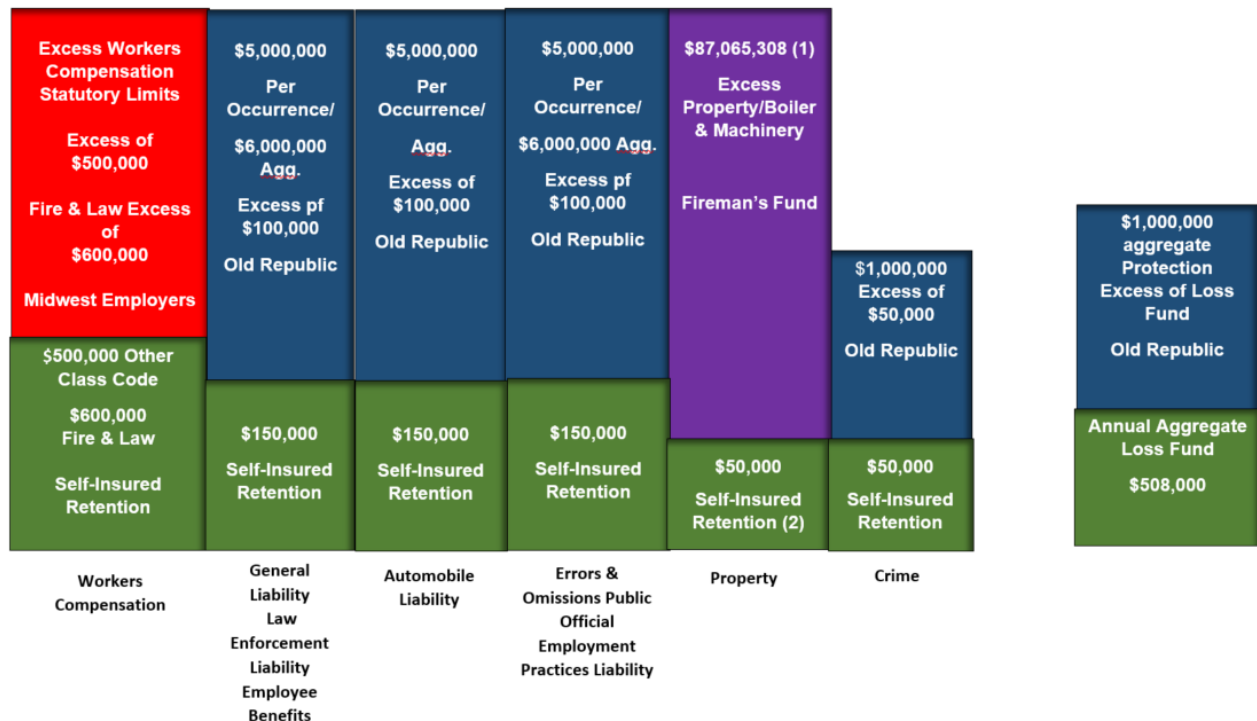
DATE: December 19, 2022

Background

The Town of Munster is self-insured with excess coverage beyond certain limits. Our program structure is illustrated in the following illustration. Funds are budgeted in the Liability Fund (7704).

Town of Munster

Package & Property Program – Aggregate Stop Loss 2022-2023 Protected Self-Insured Structure



(1) \$87,065,308 is the total reported TIV for the Town. Individual sublimits apply

(2) High Hazard Flood Deductible is \$100,000 per occurrence

Total expenses on this program are projected to rise by 6.88%. This cost may be lower because some costs are incurred as experienced - if we have a good year, we may end up paying less. Likewise, that could break the other way if we have a poor year. Our premium increase is modest in relation to our annual claims due to the fact that we have increased our self-insured retention up to \$150,000 from \$100,000.



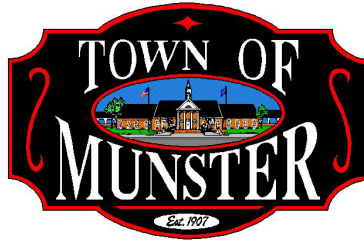
The most responsive and competitive costs of coverage are as follows:

- Old Republic Union Insurance - Package
- Fireman's Fund Insurance Company (Allianz SE) – Excess Property
- Midwest Employers – Workers Compensation
- Lloyds of London - Property/Boiler & Machinery for Clubhouse and Amphitheater
- BCS Insurance Company – Cyber Liability
- Federal Insurance Company – Property /Liability for Methane Plant

A detailed summary of the cost of lines of service can be reviewed on the following page.

Property, Casualty, and Workers Compensation Insurance Coverage Costs 2022:

Renewal Premium Summary				
Town of Munster		Arthur J. Gallagher & Co. BUSINESS WITHOUT BORDERS		
Effective Date: 01/01/2023				
	Renewal Allianz	Trended	Renewal Allianz	Change
Excess Property	\$74,006	\$74,006	\$78,587	\$4,581
Total TIV + BI	\$91,025,824	\$91,025,824	\$91,025,824	
Rate / \$100 TIV	\$0.081	\$0.081	\$0.086	6%
Excess Work Comp	\$89,984	\$92,850	\$97,495	\$7,511
Payroll	\$8,290,442	\$8,554,454	\$8,554,454	
Rate/\$100 Payroll	\$1.09	\$1.09	\$1.14	5%
Package	\$271,065	\$263,632	\$280,800	\$9,735
Liability Retention	\$100,000	N/A	\$150,000	
Work Comp Retention	\$500,000/\$600,000	N/A	\$500,000/\$600,000	
Vehicle Value	\$6,719,406	\$6,719,406	\$6,719,406	
Payroll	\$8,290,442	\$8,554,454	\$8,554,454	
Operating Expense	\$36,884,646	\$33,347,830	\$33,347,830	
Revenue	\$67,460,601	\$67,460,601	\$67,460,601	
Total	\$119,355,095	\$116,082,291	\$116,082,291	
Blended Rate	\$0.227	\$0.227	\$0.242	7%
Total Premium	\$435,055	\$430,488	\$456,882	\$21,827
Total Rate Change			Total Rate Change	6.13%
Cyber Liability	\$29,585	\$29,585	\$39,095	\$9,510
Revenue	\$67,460,601	\$67,460,601	\$67,460,601	
Rate/\$100 of Revenue	\$0.0439	\$0.0439	\$0.0580	32%
Club House & Amphitheater	\$51,472	\$51,472	\$58,789	\$7,317
TIV	\$15,704,336	\$15,704,336	\$15,704,336	
Rate/\$100 TIV	\$0.328	\$0.328	\$0.374	14%
Methane Plant	\$69,565	\$75,130	\$75,070	\$5,505
Building Limit	\$114,677	\$123,851	\$123,851	
Content Values	\$3,819,031	\$4,124,533	\$4,124,533	
Total	\$3,933,708	\$4,248,384	\$4,248,384	
Rate/\$100 of TIV	\$1.768	1.768	\$1.767	0%
TOTAL PREMIUM	\$585,677	\$586,675	\$629,836	\$44,159
Gallagher Fee	\$80,317	\$80,317	\$81,978	2%
TOTAL With Fee	\$665,994	\$666,992	\$711,814	\$45,820
Total Premium Change				6.88%
Total Rate Change				6.72%



I have attached an executive summary our 2023 renewal for your review. This includes: a market review, a table illustrating our self-insurance exposures, an open-claims review, and a detailed program review.

We have finished year one of four with the current engagement with Gallagher Bassett as our third-party claims administration.

The Town has budgeted \$708,000 for paid claims in 2023. There are sufficient funds budgeted. If any year ends in surplus those funds stay within the insurance fund. Surpluses are accumulated to cover outstanding claim costs and reserves.

Recommendation

Authorize the Town Manager to bind coverage for liability insurance program as presented in the 2023 renewal package.