



# Waukesha Water Utility

SERVING WAUKESHA SINCE 1886

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## **MEMORANDUM**

Date: June 18, 2019

To: Dan Duchniak

From: Lynn Gomez

Re: 7/1/2019 Business Insurance Renewal

The end of our current policy year for business insurance is approaching on July 1. Below are the options we evaluated for the 7/1/19 – 7/1/20 policy year.

**Option 1: Retain status quo coverage and carriers.** The quoted premium for our current lines of coverage with the League of Wisconsin Municipalities Mutual Insurance program (LWMMI) and Municipal Property Insurance Company (MPIC) increased by \$2,509; 3.44%. This is due to a small increase in the rate per thousand, and the typical 4% increase to property values for inflation.

The LWMMI program offers zero deductible for general liability coverage and \$1,000 for all other lines of coverage. We have had this coverage for three policy years and are pleased with the coverage and services the program has provided. *LWMMI is not an AM Best rated company; however, they are reinsured with two companies that are A and A+ rated.*

With this option, we would continue our **Workers Compensation** coverage with Erie Insurance. Erie is again offering a 42% flat premium dividend, which is a very favorable dividend for our industry. We have been with Erie for WC coverage since 7/1/2011 and are also satisfied with the service provided by them.

*Note: I am pleased to report that our WC experience modification factor is a low .71. This can be explained as 'an adjustment of an employer's premium for worker's compensation coverage based on the losses the insurer has experienced from that employer.' Basically, the employer with an average amount of WC losses would have a rating of 1.00 and pay 100% of the premium.*

**Option 2: EMC Insurance Companies.** EMC is a national 'A Rated' company that has a strong financial background. EMC offers umbrella coverage in the amount of \$16,000,000, and deductibles of \$1,000, \$2,500, or \$5,000 depending on the loss. This package would include Workers Comp coverage that matches the 42% flat dividend we currently enjoy. The switch to EMC that best duplicates our current coverage would result in an annual premium increase of \$3,824; 3.35%.

EMC has an office in Brookfield that provides many loss control services to its clients such as safety training, policy review and limited legal services at no cost. Though the services they provide would be of value, the deductibles and limits are in most cases not as rich as our current program.

**Option 3: Community Insurance Corporation (CIC).** CIC is a consortium of municipalities whose structure and plan design are similar to that of our current program with LWMMI/MPIC. Though there may be some benefit to choosing this comparable coverage because they also insure the City of Waukesha, and our claims can sometimes be co-mingled, their proposal results in a premium increase of \$25,898; 22.67%.

***Recommended Motion:*** Approve Business Insurance Coverage for the 7/1/19 policy year with LWMMI for General Liability coverage, MPIC for Property and Equipment Breakdown coverage, Hanover for crime coverage, and Erie for workers compensation at the quoted premiums and coverage limits.

Enc.

Business Insurance Options - Policy Year 7/1/2019 - 7/1/2020				
	Option 1 Status Quo 7/1/18-7/1/19	Option 1 Status Quo 7/1/19-7/1/20	Option 2 EMC 7/1/19 - 7/1/20	Option 3 CIC 7/1/19-7/1/20
<b><u>Liability Insurance:</u></b>	LWMMI (NR)	LWMMI (NR)	EMC (A)	CIC (B++)
Each Occurrence	10,000,000	10,000,000	2,000,000	10,000,000
General Aggregate	Unlimited	Unlimited	4,000,000	Unlimited
Premises medical payments	10,000	10,000	10,000	negligence only
Public Officials Liability	10,000,000	10,000,000	2,000,000	10,000,000
Personal and Adv limit	10,000,000	10,000,000	2,000,000	10,000,000
Damage to premesis rented to us:	250,000	250,000	300,000	250,000
Deductible	zero	zero	zero	1,000
<b><u>Auto Liability</u></b>	LWMMI	LWMMI	EMC (A)	CIC
Each Occurrence	10,000,000	10,000,000	2,000,000	10,000,000
Medical Payments	10,000	10,000	10,000	1.000 optional
Comprehensive Deductible	1,000	1,000	1,000	1,000
Collission deductible	1,000	1,000	1,000	1,000
	Replace Cost	Replace Cost	ACV	ACV
<b><u>Cyber Liability</u></b>			EMC (A)	CIC
Per Occurrence	10,000,000	10,000,000	100,000	1,000,000
Annual Aggregate	unlimited	unlimited		1,000,000
Deductible	zero	zero	1,000	1,000
<b><u>Employment Practices Liability</u></b>	MPIC	MPIC	EMC (A)	CIC
Each Wrongful Act	10,000,000	10,000,000	2,000,000	10,000,000
Annual Aggregate	none	none	2,000,000	none
Non monetary defense	50,000/250,000	50,000/250,000	up to policy limits	50,000 optional
Back Wages	included	included	included	excluded
Policy Form	Occurrence	Occurrence	Claims Made	Occurrence
<b><u>Property Insurance:</u></b>	MPIC	MPIC	EMC (A)	CIC
Property Valued	41,931,900	43,609,176	43,227,535	41,931,900
Rate per hundred	0.067	0.0681	0.060	0.082
Deductible:	1,000	1,000	5,000	1,000
Auto Physical Damage Value				965,141
Comprehensive/Collission Deductible				1,000
<b><u>Equipment Breakdown</u></b>	MPIC	MPIC	EMC (A)	CIC/HSB
Limits	41,931,900	43,609,176	43,227,535	100,000,000
	0.0059	0.0060		
Deductible:	1,000	1,000	5,000	1,000/2,500
Transformers:				2,500
	Partnered with CNA	Partnered with HSB		
<b><u>Crime Coverage</u></b>	Hanover	Hanover	EMC (A)	CIC
Employee Theft Per Loss/ded	250,000/2,500	250,000/2,500	250,000	250,000/2,500
Forgery or Alteration	100,000	100,000	250,000	100,000
Theft of Money and Securities	100,000	100,000	250,000	100,000
Inside/Outside	100,000	100,000	250,000	100,000
Robbery and Safe Burglary	100,000	100,000	250,000	100,000
Computer Fraud	100,000	100,000	250,000	100,000
Funds Transfer Fraud	100,000	100,000	250,000	100,000
Money Orders and Counterfeit Money	100,000	100,000	250,000	100,000
Faithful Performance of Duties/ded	250,000/2,500	250,000/2,500	250,000	250,000/2,500
Funds Transfer/False Pretenses	25,000	25,000	None	25,000
Deductible	1,000	1,000	2,500	1,000
<b><u>Contractors Eq/Inland Marine</u></b>	MPIC	MPIC	EMC (A)	
Coverage Limit	579,542	610,099	643,099	579,542
Rate per hundred	0.192	0.192	0.200	0.170
Deductible	1,000	1,000	1,000	1,000
<b><u>Umbrella</u></b>			EMC (A)	
Limit			8,000,000	
Aggregate Limit	No separate umbrella needed. \$10,000,000 limit covers GL, Public Officials and auto liability, with no aggregates.		16,000,000	No separate umbrella needed. \$10,000,000 limit covers
Does Umbrella Ride over General Liabi			Yes	
Does Umbrella Ride over Public Officia			Yes	
Does Umbrella Ride over Auto Liability			Yes	
<b>Annual Premium:</b>	<b>7/1/2019</b>	<b>7/1/2019</b>	<b>7/1/2019</b>	<b>7/1/2019</b>
General Liability	34,995	35,248	9,523	49,822
Property	28,093	29,697	26,138	42,523
Contractors Equipment	1,113	1,171	1,786	Incl. in Property
Auto Physical Damage	5,134	5,585	24,179	Incl. in Property
Crime	1,080	1,080	1,207	1,420
Equipment Breakdown	2,474	2,617	Incl in prop	5,022
Cyber Solutions			992	Included in GL
Commercial Umbrella	NA	NA	8,985	NA
EPLI/Public Officials	Included in GL	Included in GL	3,903	Included in GL
Workers Comp	41,335	41,335	41,335	41,335
	114,224	116,733	118,048	140,122
<b>Premium change</b>		<b>2,509</b>	<b>3,824</b>	<b>25,898</b>
		2.20%	3.35%	22.67%