



## **MEMORANDUM**

Date: June 10, 2021

To: Water Utility Commission

From: Dan Duchniak

Re: 7/1/2021 Business Insurance Renewal

The expiration of our current policy for business insurance is approaching on July 1. The attached spreadsheet shows that if we retain our current status quo level of coverage for all lines, our total package premium will increase \$5,073; 6.21%.

This increase can be attributed to the following factors:

- The automatic 2% increase in property valuation (\$624);
- The addition of the invaluable \$461,000 Mud Dog purchased last year (\$3,066);
- The increasing cost of cyber risk Coverage (\$1,006).

The Mud Dog is covered by LWMMI's Auto Physical Damage and Auto Liability policies. For comparison purposes, if we remove the Mud Dog coverage, we estimate that our premium increase would be only 3%.

A change to note, the LWMMI auto liability coverage will no longer be at 'Replacement Cost' (RC). Effective January 1, 2021 coverage will be at a combination of RC and 'Actual Cash Value' (ACV) based upon age and value of the vehicle. Considering the age and value of our fleet, we do not see this as a concern or a negative.

Our **Cyber Risk Management** coverage is currently provided by Chubb. Based on the current vulnerabilities to all businesses, and in particular, public sector water suppliers, Chubb has stopped offering this coverage. Our renewal includes coverage by our Liability carrier LWMMI.

For **Workers Compensation** coverage, we recommend renewal with our current carrier, Erie Insurance. Our potential premium dividend decreased from 42% to 40%, but this is still a very favorable dividend for our industry. Our Workers compensation Factor increased slightly from .69 to .70, which is still a good reflection of our safety record.

***Recommended Motion:*** Approve Business Insurance Coverage for the 7/1/21 policy year with LWMMI for Liability and Cyber 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 7/1/2021 - 7/1/2022					
Date: 6/10/2021					
	Current	Renewal			
	7/1/2020	7/1/2021			
Liability Insurance:	LWMMI	LWMMI			
Each Occurrence	10,000,000	10,000,000			
General Aggregate	Unlimited	Unlimited			
Premises medical payments	10,000	10,000			
Public Officials Liability	10,000,000	10,000,000			
Personal and Adv limit	10,000,000	10,000,000			
Damage to premesis rented to us:	250,000	250,000			
Deductible	1,000	1,000			
Auto Liability	LWMMI	LWMMI			
Each Occurrence	10,000,000	10,000,000			
Auto #	25	25			
Auto Valuation	981,583	1,407,449	425,866	43%	Mud Dawg Added
Medical Payments	10,000	10,000			
Comprehensive Deductible	1,000	1,000			
Collission deductible	1,000	1,000			
	Replace Cost	Replace/ACV			
Third Party Cyber Liability					
Per Occurrence	10,000,000	10,000,000			
Annual Aggregate	unlimited	unlimited			
Deductible	2500	2500			
Employment Practices Liability	MPIC	MPIC			
Each Wrongful Act	10,000,000	10,000,000			
Annual Aggregate	none	none			
Non monetary defense	50,000/250,000	50,000/250,000			
Back Wages	included	included			
Prior Acts					
Policy Form	Occurrence	Occurrence			
Property Insurance:	MPIC	MPIC			
Property Valued	44,253,389	45,138,452	885,063	2%	Standard Value increase
Rate per hundred	0.0709	0.0709			
Deductible:	5,000	5,000			
Comprehensive/Collission Deductible	1,000	1,000			
Equipment Breakdown	MPIC	MPIC			
Limits	44,253,389	45,138,452	885,063	2%	Standard Value increase
Rate per hundred	0.0054	0.0054			
Deductible:	5,000	5,000			
Contractors Eq/Inland Marine	MPIC	MPIC			
Coverage Limit	709,593	565,078	(144,515)	-20%	Mud Dawg Added
Rate per hundred	0.182	0.199	0.02	9%	
Deductible	2,500	2,500			
Umbrella					
Limit	No separate umbrella needed. \$10,000,000 limit covers GL, Public Officials and auto liability, with no aggregates.				
Aggregate Limit					
Crime Coverage	Hanover	Hanover			
Employee Theft Per Loss/ded	250,000/2,500	250,000/2,500			
Forgery or Alteration	100,000	100,000			
Theft of Money and Securities	100,000	100,000			
Inside/Outside	100,000	100,000			
Robbery and Safe Burglary	100,000	100,000			
Computer Fraud	100,000	100,000			
Funds Transfer Fraud	100,000	100,000			
Money Orders and Counterfeit Money	100,000	100,000			
Faithful Performance of Duties/ded	250,000/2,500	250,000/2,500			
Funds Transfer/False Pretenses	25,000/7500	25,000/7500			
Deductible (unless stated/xxxx)	1,000	1,000			
Annual Premium:	7/1/2020	7/1/2021	\$ Inc	% Inc	
General and Auto Liability	37,899	38,238	339	0.89%	
Auto Physical Damage	5,753	8,819	3,066	53.29%	Mud Dog Added
LWMMI SubTotal	43,652	47,057	3,405	7.80%	
Property	31,377	32,001	624	2.0%	Property Value Inc.
Contractors Eq/Inland Marine	1,294	1,127	(167)	-12.91%	Vac Equip sold/traded
Equipment Breakdown	2,390	2,437	47	1.97%	
MPIC SubTotal	35,061	35,565	504	1.44%	
Crime Coverage (Hanover)	1,080	1,080	-	0.00%	
Specific Limit Coverage	-	158	158		
Cyber Enterprise Risk Mgt Cvge:	1,852	2,858	1,006	54.32%	
	81,645	86,718	5,073		
Premium change		5,073			
		6.21%			
Dividend Received 5/25/21	(3,489)				
Net Premium	78,156				