

City of Scottsbluff, Nebraska

Monday, August 3, 2020

Regular Meeting

Item Resolut.1

Council to discuss and consider action on a Resolution extending the date for written notice of termination in participation in the League Association of Risk Management (LARM) and consider the contribution credits for multi-year commitments.

Staff Contact: Kim Wright, City Clerk



1335 L. St, Ste 200
Lincoln, NE 68508
Phone: (402) 742-2600
Fax: (402) 476-4089
www.larmpool.org

July 1, 2020

Dear LARM Member,

Attached, please find your Renewal Coverage Proposal for the 2020-21 Pool Year. This proposal is itemized by line of coverage to represent your specific limits, deductibles, annualized contributions and to outline LARM's contribution credit options available for the new term.

As always, LARM continues to seek certainty on upcoming Member commitments to allow us to accurately forecast our financial position. Requiring all Members to make annual elections by means of the Renewal Resolution affords us the fiscal confidence to structure a more stable program year-over-year. In return, LARM is able to translate this financial benefit to our Members in the form of corresponding contribution credits. Because predictability is strongest when estimates have future value, completing a new resolution each year delivers the best opportunity for this objective. In addition, members are able to elect a Renewal Resolution at the three (3) year commitment at each new Pool Year, by doing so, they are able to receive the maximum 5% contribution credit available on an annual basis.

An important note regarding processing your annual Renewal Resolution if you are a Member that desires to competitively bid your coverage every three (3) years, or in the next three (3) years:

- If you already have a three (3) year Renewal Resolution at the 5% discount;
 - ↳ Execute a two (2) year Renewal Resolution at the 4% discount at the upcoming.
- If you already have a two (2) year Renewal Resolution at the 4% discount;
 - ↳ Execute a one (1) year Renewal Resolution for either the 2% or 0% discount.
- If you already have a one (1) year renewal Resolution, you must provide written notice of termination in accordance with the necessary days identified in the Renewal Resolution prior to the desired termination date.

An important note if you do not execute/return a Renewal Resolution for the new Pool Year:

- You will automatically drop to the next lower commitment/contribution credit for that Pool Year (for example: If you were at a three (3) year commitment and do not execute/return a Renewal Resolution for the new Pool Year, you will automatically drop to a two (2) year commitment).

The enclosed Renewal Resolution form for the new term is made available for your use in designating the annual selection for the 2020-21 Pool Year. Once you have elected your contribution credit option, please authorize the Renewal Resolution and return to LARM to the address provided on the form. In order that LARM is able to issue process invoices as quickly as possible and prior to inception of the 2020-21 Pool Year, LARM requests that the fully executed Renewal Resolution be received no later than **August 17, 2020**. Once the Renewal Resolution has been received by LARM, complete renewal packet materials (invoices, coverage documents, auto ID cards, etc.) will be prepared and delivered to you. We are happy to review and discuss any questions or concerns you may have regarding this important process; therefore, we encourage you to contact your agent or LARM customer Service if you need assistance.

Finally, the information presented in this communication packet does not include any potential mono-line insurance placements that are not part of the formal LARM Property, General Liability or Workers' Compensation coverages (such as Bonds, Special Events Coverage, Liquor Liability, etc.) Renewal details for such policies will continue to be provided under separate cover according to their respective effective dates. In addition, please be advised that your proposal may not reflect any endorsements recently processed, and bear in mind, that your final invoice amount may vary from the renewal packet based on such services that require contribution adjustment over the next several weeks.

As always, the LARM Board and staff are very pleased that your community will continue to support LARM as we move into our 25th year of unparalleled commitment to serving our Members. On behalf of each of us, I thank you for making our partnership a mutual success.

Sincerely,
LEAGUE ASSOCIATION OF RISK MANAGEMENT

Tracy Juranek
Customer Service Specialist



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Lincoln, NE 68508
Phone: (402) 742-2600
Fax: (402) 476-4089
www.larmpool.org

Important Postscript:

Nebraska Revised Statutes §44-4309(1) requires that any member of a government risk management pool may voluntarily terminate its participation in the pool, but must notify the Director of the Nebraska Department of Insurance and the other members of the pool at least ninety (90) days prior to the desired termination date. **The notification to the Nebraska Department of Insurance and to LARM should be sent via certified mail.** The member's decision to terminate participation in the government risk pool is subject to the approval of the Director of the Nebraska Department of Insurance.



Proposal For: City of Scottsbluff

Effective Date: 10/1/2020

COVERAGE	LIMITS AND APPLICABLE DEDUCTIBLES	CONTRIBUTION
Worker's Compensation	Statutory Limits \$500,000 Employer Liability	\$200,511
General Liability	\$5,000,000/\$5,000,000 Per Occurrence/Aggregate \$0 Deductible	\$109,739
Errors & Omissions	\$5,000,000/\$5,000,000 Per Occurrence/Aggregate \$2,500 Deductible	\$24,472
Law Enforcement Liability	\$5,000,000/\$5,000,000 Per Occurrence/Aggregate \$2,500 Deductible	\$29,874
Auto Liability	\$5,000,000 Combined Single Limit \$0 Deductible	\$25,976
Auto Physical Damage	143 x Vehicles \$ Varies on Deductible	\$108,347
Commercial Property	\$62,031,270 \$1,000 Deductible	\$202,601
TOTAL ANNUAL CONTRIBUTION:		\$701,520

Contribution Credit Options

	180 Day Notice, 3 Year Commitment	180 Day Notice, 2 Year Commitment	180 Day Notice Only	90 Day Notice, 3 Year Commitment	90 Day Notice, 2 Year Commitment	90 Day Notice Only
Commitment Discount:	5%	4%	2%	2%	1%	0%
Property & Liability:	\$475,959	\$480,969	\$490,989	\$490,989	\$495,999	\$501,009
Workers' Compensation:	\$190,485	\$192,490	\$196,501	\$196,501	\$198,506	\$200,511
Total Contribution:	\$666,444	\$673,459	\$687,490	\$687,490	\$694,505	\$701,520

LARM BOARD

Chair:

Doug Hanson

Mayor, Hickman

Vice Chair:

Lanette Doane

Clerk/Treasurer, Ansley

LeAnn Brown

Clerk/Treasurer, Oshkosh

Pamela Buethe

Board Member, Sarpy
County SID #29

Scott Getzschman

Mayor, Fremont

Melissa Harrell

Administrator/Treasurer, Wahoo

Tony Kaufman

Mayor, Gering

Jo Leyland

Administrator/Clerk/Treasurer,
Imperial

Josh Moenning

Mayor, Norfolk

Tom Ourada

City Administrator, Crete

Sandra Schendt

Clerk/Treasurer, Nelson

Douglas Schultz

Administrator/Clerk/Treasurer,
Curtis

Deb VanMatre

Mayor, Gibbon

Teresa Youngquist

Clerk/Treasurer, Beaver City

Ex-Officio Members:

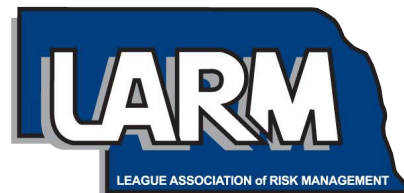
Dwight Livingston, President,

League of Nebraska
Municipalities;
Mayor, North Platte

L. Lynn Rex, Executive Director,

League of Nebraska
Municipalities;
LARM Administrator

*LARM – Providing coverage and risk
management services to cities, villages
and other governmental agencies.*



MEMO

TO: LARM Members

FROM: LARM Board Chair Doug Hanson, Hickman Mayor

DATE: July 1, 2020

RE: Notification of Communicable Disease (i.e., COVID-19) Coverage
With an Effective Date of Oct. 1, 2020

Thank you for your membership in LARM. Many companies and pools in the public and private sectors are excluding coverage entirely for communicable disease since the insurance industry expects this pandemic to be the single largest underwriting loss in U.S. history, potentially over \$100 billion. **However, LARM is committed to providing the broadest coverage possible to its membership and is working to obtain reinsurance that avoids narrowing current coverage.**

Fortunately, LARM's longstanding partner, the National League of Cities Mutual Insurance Company (NLC Mutual), has offered LARM up to \$1 million per occurrence/aggregate coverage for communicable disease (for all losses for all members) for FY 2020-21 with an effective date of Oct. 1, 2020. **With NLC Mutual's support, LARM will be able to continue to provide at least some coverage for communicable disease.** In light of this unprecedented pandemic, this is GREAT NEWS for LARM members!

Currently, LARM does not have an exclusion in its liability coverage for communicable disease. LARM will not have a definitive position on whether the reinsurance market will continue to support LARM's current full policy limit of \$5 million for this exposure until at least August 2020. Coverage determinations regarding bodily injury claims relating to communicable disease will be made by courts based on the facts of each claim, LARM's liability coverage document and Nebraska state law in the context of the injuries claimed. Effective Oct. 1, 2020, the LARM Board of Directors may: 1) add a definition of "communicable disease"; and 2) potentially add a per occurrence and annual aggregate sublimit for communicable disease coverage to its liability coverage document.

LARM purchases reinsurance to protect the pool from the impact of large losses. As noted above, LARM is trying to obtain additional reinsurance support beyond that offered by NLC Mutual so a reduced limit in its liability coverage for communicable disease is not necessary. The terms and conditions of LARM's 2020 reinsurance structure will not be in place until Oct. 1.

Please contact LARM or your servicing agent if you have any questions. Thanks again for your commitment to LARM.

Website: www.larmpool.org

Phone: 402-742-2600

League Association of Risk Management
2020-21 Renewal Resolution

RESOLUTION NO. _____

WHEREAS, The City of Scottsbluff is a member of the League Association of Risk Management (LARM);

WHEREAS, section 8.10 of the Interlocal Agreement for the Establishment and Operation of the League Association of Risk Management provides that a member may voluntarily terminate its participation in LARM by written notice of termination given to LARM and the Nebraska Director of Insurance at least 90 days prior to the desired termination given to and that members may agree to extend the required termination notice beyond 90 days in order to realize reduced excess coverage costs, stability of contribution rates and efficiency in operation of LARM; and

WHEREAS, the Board of Directors of LARM has adopted a plan to provide contribution credits in consideration of certain agreements by members of LARM as provided in the attached letter.

BE IT RESOLVED that the governing body of The City of Scottsbluff,
Nebraska, in consideration of the contribution credits provided under the LARM Board's plan, agrees to:

- ☒ Provide written notice of termination at least 180 days prior to the desired termination date, which date shall be no sooner than September 30, 2023. **(180 day and 3 year commitment; 5% discount)**
- ☐ Provide written notice of termination at least 180 days prior to the desired termination date, which date shall be no sooner than September 30, 2022. **(180 day and 2 year commitment; 4% discount)**
- ☐ Provide written notice of termination at least 180 days prior to the desired termination date, which date shall be no sooner than September 30, 2021. **(180 day notice only; 2% discount)**
- ☐ Provide written notice of termination at least 90 days prior to the desired termination date, which date shall be no sooner than September 30, 2023. **(90 day notice and 3 year commitment only; 2% discount)**
- ☐ Provide written notice of termination at least 90 days prior to the desired termination date, which date shall be no sooner than September 30, 2022. **(2 year commitment only; 1%)**
- ☐ Provide written notice of termination at least 90 days prior to the desired termination date, which date shall be no sooner than September 30, 2021. **(90 day Notice only)**

Adopted this ____ day of _____, ____.

Signature: _____

Title: Mayor

ATTEST: _____

Title: City Clerk

Please email (customerservice@LARMpool.org) or fax (402.476.4089) the completed resolution to LARM.