

City of Scottsbluff, Nebraska

Monday, September 15, 2014

Regular Meeting

Item Resolut.1

Council to consider 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: Cindy Dickinson, City Clerk

Memo

To: Honorable Mayor Meininger and City Council Members
From: Cindy Dickinson, City Clerk/Risk Manager
Date: September 10, 2014
Re: **LARM Renewal**

The attached Resolution offers a number of options regarding our renewal commitment with LARM.

The 3 year, 180 Day Notice commitment offers the maximum discount of 5%, which is reflected in this year's premium proposal of \$609,272.00.

This rate represents a 6.6% increase over last year's premium. However, we made some adjustments to lower the premium from the original quote of \$720,000. These adjustments include the following:

- Change auto deductible from \$500 to \$1000.
- Reduce actual cash value on all property by 10% (properties were recently appraised, causing an increase in property values and inclusion of property in the open (PIO), which was not previously insured. This additional (PIO) insurance increased our premium by \$6,400).
- Changed Workers Compensation deductible to \$1,000 / per occurrence. Our Work Comp mod increased to 25%. LARM has agreed to a 5% discount for additional safety training.

LARM offers a number of contribution credit options which will be reflected in the attached Resolution.



2014-15 Pool Year

Renewal Proposal City of Scottsbluff

COVERAGE	LIMITS AND APPLICABLE DEDUCTIBLES	ESTIMATED / ANNUAL CONTRIBUTION
Workers' Compensation	PART ONE Statutory Limits PART TWO \$500,000 Bodily Injury by Accident (each accident) \$500,000 Bodily Injury by Disease (each employee) \$500,000 Bodily Injury by Disease (policy limit)	\$303,443
General Liability	\$5,000,000 Per Occurrence \$5,000,000 Annual Aggregate \$0 Deductible	\$85,594
Errors & Omissions Liability	\$5,000,000 Per Occurrence \$5,000,000 Annual Aggregate \$2,500 Deductible	\$16,228
Law Enforcement Liability	\$5,000,000 Per Occurrence \$5,000,000 Annual Aggregate \$2,500 Deductible	\$24,655
Automobile Liability	\$5,000,000 Combined Single Limit \$100,000 UM / UIM \$0 Deductible	\$19,490
Automobile Physical Damage	Scheduled 98 Vehicles \$500 Comprehensive Deductible \$500 Collision Deductible	\$62,385
Commercial Property	\$50,000,450 Total Insured Values \$1,000 Standard Deductible	\$129,544
* TOTAL ESTIMATED ANNUAL CONTRIBUTION:		\$641,339

ESTIMATED CONTRIBUTION CREDIT OPTIONS

180 Day Notice, 3-Year Commitment	180 Day Notice, 2-Year Commitment	180 Day Notice Only Commitment	90 Day Notice, 3-Year Commitment	90 Day Notice, 2-Year Commitment	90 Day Notice Only Commitment
5%	4%	2%	2%	1%	0%
\$609,272.00	\$615,685.00	\$628,512.00	\$628,512.00	\$634,926.00	\$641,339.00

* Your Total Estimated Annual Contribution renewal pricing is modeled on the 180 Day Notice, 3-Year Commitment option.

CURRENT LIST OF LARM POOL MEMBERS 9-2014

City of Ainsworth
Village of Ansley
City of Arapahoe
Village of Arlington
City of Atkinson
Auburn Board of Public Works
Village of Benedict
City of Benkelman
Village of Berwyn
Village of Cedar Bluffs
Village of Cedar Creek
City of Columbus
Village of Comstock
Village of Cook
City of Crete
City of Curtis
Village of Eustis
City of Fremont
City of Gering
Village of Glenvil
City of Hastings
Village of Hemingford
City of Henderson
Village of Herman
City of Hickman
City of Holdrege
Village of Howells
City of Imperial
Village of Inglewood
Village of Johnstown
KBR Solid Waste Committee
City of La Vista
Village of Lodgepole
Village of Malmo
Village of Mason City
Village of Miller
Village of Murray
NE Nebraska Solid Waste Coalition
City of Neligh
Nelson Rural Fire District
City of Nelson
Village of Newcastle
City of Norfolk

City of North Platte
City of Oakland
City of Papillion
Village of Platte Center
Village of Pilger
City of Randolph
Village of Scotia
City of Scottsbluff
Village of Shelton
Village of Silver Creek
Southwest Nebraska Solid Waste Agency
St. Paul Rural Fire District
City of St. Paul
Village of Sumner
City of Wahoo
Village of Walthill
Village of Wausa
Village of Winnebago
Village of Wood Lake
SID #1 - Stanton County
Village of Wilcox
Village of North Loup
Village of Bradshaw
Village of Beaver Crossing
Village of Meadow Grove
City of Clay Center
Village of Seneca
City of OshKosh
Village of Guide Rock
NE NE Economic Development Distr
SID #1 of Butler County
City of Waverly
Village of Alda
City of Valentine
Loup Central Landfill
City of Gibbon
Village of Elba
City of Edgar
SID #7 of Platte County
Village of Dannebrog
Village of Cotesfield
Village of Union
Village of Hershey
Village of Burr
Village of Monroe
Village of Wolbach
City of David City

Village of Hoskins
City of Syracuse
City of Weeping Water
Lower Platte North NRD
City of Louisville
City of Clarkson
Village of Holbrook
Little Blue NRD
Hoskins RFD
Village of Oxford
City of Sargent
Village of Litchfield
Village of Callaway

Cindy...

As a follow up to the renewal negotiations, I just wanted to review the changes that have occurred on the City of Scottsbluff's 2014-15 LARM renewal. LARM staff notified all of our members on June 25, that the Board of Directors had voted on increased rates that would have a net impact on all lines of coverage of 8.7% (10% property, 3% casualty, 11% worker's compensation). Although the rates were set the changes on each of our member accounts could reflect either additional increases or decreases based on each member's individual changes in exposures.

The City of Scottsbluff had a re-evaluation on all property this past year that had an additional impact on your renewal of approximately 18% increase as well as an increase on the worker's compensation mod of approximately 25%.

In order to curtail some of the increases LARM negotiated a smaller increase on the property evaluations with the City of Scottsbluff, leaving the deductible at \$1,000, but increased the deductible on auto physical damage from \$500 to \$1,000 causing an additional \$29,674 in savings.

Due to the significant increases NCCI made on base rates for worker's comp and the 25% increase on the City's worker's compensation mod LARM negotiated a 5% safety plan reduction and the City added a \$1,000 medical payment deductible which gave the City additional savings of \$53,015 on the member contributions. The safety plan credit will be tied to LARM providing safety meetings on a routine basis going forward over the next six months. Steve Hecker and I will be in touch after the renewal and set up those dates and times. The first meeting should be set with all department heads for mid-November and continuing through mid-April with each department head and their employees.

The net effect of the rate increase as well as the worker's compensation mod increase would have had an overall impact of 22% increase in member contribution. The impact with the changes negotiated with the LARM staff is a 13% increase in member contributions.

LARM staff hopes that with the safety training the City of Scottsbluff will continue to see a shift in worker's compensation claims and savings on a lower mod over the next few years. LARM appreciates the opportunity to work with the City of Scottsbluff and the entire staff at LARM thanks you for your continued support of LARM.

Thanks so much and please call me if you have any additional questions.

Geneie Andrews

Marketing Manager/Asst. Loss Control

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