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**HUMAN RESOURCES**

To: Gregg Mandsager, City Administrator  
From: Stephanie Romagnoli, Human Resources Manager  
Date: June 13, 2012  
Re: Insurance Renewal

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The city's insurance package is up for renewal once again on July 1, 2012. The insurance committee has met to review renewal information and finalize recommendations for the City Council. The insurance committee consists of local risk managers Hal Larson from Kent Corporation, Greg Brown and Mark Huddleston from HNI Corporation, Tom Spread from City Council and City staff members Gregg Mandsager, Nancy Lueck, Randy Hill, and me.

The City will be renewing its policy with Traveler's Insurance Company. Workers' compensation coverage with United Heartland will also be renewed. There are some increased costs associated with the renewal this year. Overall, there is a 9% increase in costs due in part to loss experience and in part to existing market conditions. In addition, due primarily to one large claim, the premiums for the police and fire medical policy has increased significantly. This policy, however, remains the most cost effective way of covering these expenses. An executive summary outlining the details of the renewal is attached to this memo.

At this time, I am requesting City Council's approval to authorize Holmes Murphy to bind the insurance coverage as outlined in the executive summary. If you have any questions or require additional information, please let me know.

**City of Muscatine – Executive Summary**  
***P/C Insurance Renewal***  
***July 1, 2012***

Holmes Murphy is pleased to present the City of Muscatine and representatives of their insurance committee with your property/casualty insurance renewal for July 1, 2012. The following represents a summary of our proposal.

Travelers and United Heartland Insurance continue to remain the best options for the majority of the City's property/casualty exposures. Increases in rates are mainly attributed to the City's loss experience and the changing insurance market conditions.

- Overall premiums for the traditional insurance program increased from **\$542,605 to \$590,733 and/or 9%**.
- Police Fire & Medical Policy – CIGNA (3 year pre-paid) increased from **\$36,288 to \$108,000**. Increase due to 5 year loss ratio of 533%
  - Optional Annual Premiums:
    - CIGNA = \$40,000
    - Chubb = \$57,986
    - Hartford = \$54,788

**Loss ratio from 2005-2012 by major lines of coverage is as follows:**

- General Liability – 74%
- Workers Compensation – 19%
- Auto Liability – 31%
- Property – 224%
- Public Officials Professional – 109%
- Police & Fire Medical Policy – 533%

**Exposure Changes:**

- Property values increased overall from \$76,081,794 to \$81,382,156 and/or 7%
- Projected revenues for the 7/1/12 – 7/1/13 policy term increased from \$48,720,727 to \$50,241,389 and/or 3%.
- Projected payroll increased from \$7,899,405 to \$7,971,704 and/or 1%.
- Automobile exposures decreased from 136 to 122 and/ or 10%..

The City's workers compensation line of coverage continue to trend favorably as reflected in your NCCI experience mod which will **decreased 5 points .82 to .77**. As a result of favorable loss experience, United Heartland has paid dividends to the **City totaling \$92,492** over the past five years. This has further reduced your overall annual insurance costs as indicated below.

<u>Policy Year</u>	<u>Amount</u>
2006-07	\$14,022
2007-08	\$ 9,861
2008-09	\$26,782
2009-10	\$25,866
2010-11	\$15,961

Holmes Murphy has successfully negotiated the maximum 15% scheduled credits and 15% rate deviations to your Workers Compensation rates.

- *Maximum allowable credit and rate deviation in the State of Iowa is 15% each*

We hope that you agree with our recommendations and welcome your feedback. Thank you for your continued support & confidence with Holmes Murphy. We sincerely appreciate doing business with the City of Muscatine.

Jim Kapsch  
Vice President  
Holmes Murphy & Associates, Inc.

Laure Guisinger  
Senior Vice President  
Holmes Murphy & Associates, Inc.