

Risk Management Trust Board

Hybrid Meeting

Wednesday, May 10, 2023

5:00 p.m.

Members of the Board will attend virtually.

Meeting Location:

Tempe Public Library
Second Floor – Recreation Room Suite 201
3500 S Rural Rd
Tempe, AZ 85283

Other way to connect

1. On your computer/tablet (*Recommended*)
 - Click on this [Cisco Webex Event Address for attendees.](#)
 - Enter “RMTB” in the prompt “enter the meeting password”.
2. On your phone - Dial in at 408-418-9388,
 - Event number is 2483 183 0869

Written comments regarding agenda items may be submitted via email to alex_chin@tempe.gov no later than 5:00 p.m. on Wednesday, May 10, 2023.

1. Call to Order

2. Approval of the January 11th, 2023, Board Meeting Minutes

3. RMTB Annual Claims Trends Report

4. Alliant 2023/24 Insurance Renewal Marketing Status Update

5. Board Member & Staff Announcements

Board members and staff may make announcements regarding current events that are not listed on the agenda. No discussion or legal action will be taken regarding these announcements.

6. Public Appearances

The Risk Management Trust Board welcomes public comment. According to the Arizona Open Meeting Law, the Board may only discuss matters listed on its meeting agendas. Matters brought-up by the public under public appearances that are not listed on the meeting agenda cannot be discussed by the Board. A three-minute time limit per person will be in effect.

The City of Tempe endeavors to make all public meetings accessible to persons with disabilities. Special assistance is available at public meetings for sight and/or hearing-impaired persons. To request an accommodation, please contact the City Clerk’s Office within 72 hours’ advance notice to ensure availability at 480-350-4311 (voice) or 7-1-1 (relay users) or at clerk@tempe.gov .

Minutes Risk Management Trust Board January 11, 2023

Minutes of the Risk Management Trust Board meeting held in person at the Tempe Public Library and virtually via Cisco Webex on January 11, 2023, at 5:00 p.m.

Board Members Present:

Robin Arredondo-Savage
Heather Bilodeau
Jerry Hart
Corey D. Woods
Tom Duensing, Deputy City Manager – Chief Financial Officer

City Staff Present:

Chris Hansen, Risk Manager

Lisette Camacho, Financial Services Director
Nichole Martinez, Workers' Compensation Program Specialist
Michelle Seitz, Emergence Manager
Alex Chin, Executive Assistant

Board Members Absent:

Guests Present:

Pamela Dominguez, Alliant Insurance Services, Inc.

Agenda Item 1 – Call to Order:

Chair Tom Duensing called the meeting to order at 5:05 p.m.

Agenda Item 2 – Approval of October 6th, 2022, Board Meeting Minutes:

Motion by Robin Arredondo-Savage to approve the October 6th, 2022, second by Corey D Woods. Motion passed on a vote of 5-0.

Ayes: Chair Duensing, Board members Arredondo-Savage, Bilodeau, Hart, and Woods.

Nays: None

Absent: None

Agenda Item 3 – Annual RMTB Report:

Chris Hansen presents a report of the 2022 RMTB Meeting that is to be submitted to the City Clerk's Office. Staff is seeking approval from the board to proceed with submission. Motion by Corey D. Woods to approve the report, second by Jerry Hart.

Ayes: Chair Duensing, Board members Arredondo-Savage, Bilodeau, Hart, and Woods.

Nays: None

Absent: None

Agenda Item 4 – Draft Resolution for Insurance Renewal Authorization:

Chris Hansen reminded the board that historically, insurance renewals were received 90 days out from underwriters which gives staffers and the RMTB plenty of time to review, comment, and approve a recommendation to Tempe City Council. Some markets now provide quotes 30 days before the policy starts, which only gives staffers and the RMTB June 1st and the last Regular Council Meeting to review, get approval through the board and submit a recommendation to the

Council. Staffers are seeking the board's approval to submit a resolution for Council approval to solidify authority for the city manager to administratively approve insurance renewals with the board's review and approval, which Council will ratify at a later Regular Council Meeting. The resolution will provide adequate time for the renewal review process. Tom Duensing reminds us that the board for FY22/23 quote for the general liability was available at the end of June. Jerry Hart states the City's procurement office has a similar provision when there are contracts to be approved that cannot make it to the deadline; the contracts get administratively approved and ratified by Council at the next available Regular Council Meeting. Robin Arredondo-Savage expressed the importance of the RMTB and that the board will continue to review any insurance quotes to formulate a recommendation. Robin recommends that this resolution be checked in a couple of years to ensure relevancy. Jerry asked if insurance quotes are received and reviewed in ample time, would it revert to the regular process? The RMTB agrees it would, but the resolution does not specify that. In preparation for getting this resolution to Council, a Friday Packet Memo will be sufficient to inform Tempe City Council. Tom calls for a motion to allow staff to proceed. Motion by Robin Arredondo-Savage to move forward with the draft Resolutions for Insurance Renewal Authorization with the caveat that the resolution be reviewed in a couple of years, seconded by Heather Bilodeau; Motion passed on a vote of 5-0.

Ayes: Chair Duensing, Board members Arredondo-Savage, Bilodeau, Hart, and Woods.

Nays: None

Absent: None

Agenda Item 5 – Alliant Deadly Weapons Response Program – TFMR Family Reunification Program:

At previous board meetings, Alliant presented the board with the Deadly Weapons Response program. It was recommended at the time to table the discussion. Staff wanted to bring this back for discussion as this program could assist the City with its activities and engagements. Michelle Seitz, Tempe Fire Medical Rescue Emergency Manager, was invited to share the Fire department's work of the Threat Management Team – a team of city staffers comprised of Human Resources, Police, Care7, City Attorney's Office, and IT. The group aims to discuss and formulate recommendations if a threat exists to a person or building – internally or externally. Threats so far have been small, but there is a challenge with addressing significant-scale event threats. Staff believes this program could be beneficial. Michelle presented to the RMTB the Threat Management Team program. Various discussions & questions regarding the program were exchanged on how the Alliant program could complement the efforts of the Tempe Fire Medical Rescue. Alliant provided an overview of its program and how it will complement the City's current efforts.

Agenda Item 6 – Alliant State of the Market

Pamela Dominguez, Alliant Insurance Services, Inc., presented to the board the current state of the market. The market has changed significantly since November; most of the change is in the property market. Due to the various causes, the best course of action is to get a renewal as early as possible. Travelers have already reviewed the City's properties, and everything looks good. Nothing is being undervalued. The current state of the market is as follows:

- Liability capacity pullback and withdrawals have been significant over the past two years.
- Property capacity reductions:
 - 15% to 30% reduction in capacity from incumbents.
 - Coastal and wildfire capacity continue to be especially difficult.
- Cyber capacity is shrinking and particularly acute for certain industries (Public Entity).

- Insurers produced a negligible profit in 2021–\$112b in Global Insured CAT losses in 2021 –4th Worst Loss Year on Record.
- Workers' Compensation remains stable.
- Historically low-interest rates have hampered carrier investment returns.
- Over the past five years, there has been an increased pattern of major property catastrophes, such as hurricanes, typhoons, wildfires, etc.
- Consistent increases in attritional property losses (fires, water damage, tornados, hail, wildfires).
- Increased inflation has added to the issue of valuation across all property classes.
- Social inflation & Litigation Financing driving up liability verdicts and settlements.
- Ransomware cyber losses are systemic -\$6 Trillion. Impact in 2021 –Expecting \$10 Trillion by 2025; 2019 was \$2 Trillion.

Agenda Item 7 - Board Member and Staff Announcements

Tom Duensing introduced Lisette Camacho, Financial Services Director, to the board. Staff wanted to discuss the upcoming meeting. It is recommended that the RMTB meet the first week of April to go through an update on the renewals and present the Annual Claims Fund Reports. Robin Arredondo-Savage wanted to know if we could report back on how much the City pays out on claims that aren't covered. It is a good reminder that the City pays out most of its claims.

The next meeting is scheduled for April 5th, 2023.

Agenda Item 8 – Public Appearances

There were no public appearances.

The meeting adjourned at 6:09 p.m.

Minutes prepared by: Alex Chin



Presentation to the

City of Tempe, AZ

2023/24 Insurance Renewal Marketing Status Update

Presented by:

Alliant Insurance Services, Inc.

May 10, 2023

Shawn Kraatz, FVP

Pamela Dominguez, VP



Presentation Goals and Objectives

- Renewal Status Update by Line of Coverage
 - Incumbent Markets
 - Full Marketing Effort All Lines
 - Alternative Options
 - Additional updates received

- City of Tempe Timelines

Property – Current Program

- \$100M per Occurrence Limit - Travelers
 - \$50M Equipment Breakdown
 - \$50M Flood (700 W Rio Salado Pkwy)/\$10M all other
 - \$10M EQ
 - Various Sub-Limits
- \$500K Deductible (includes Flood and EQ)

Property – Renewal Status

1. Full Marketing to all PE stand-alone markets
2. Current Market Estimates are 15-30%
3. PRISM is reviewing submission and is working on quote
4. Travelers Renewal: included Zone A (whole); same \$5M limit and applied a \$500k deductible excess NFIP; Travelers applied 5% | \$250k deductible to high hazard wind and hail (Travelers – 10% Rate increase)

Auto Physical Damage – Current Program

- \$10M per Occurrence Limit / \$1M Max Limit per Vehicle
- Coverage for scheduled Vehicles valued over \$150K
- \$150K Deductible per Occurrence
- Coverage for Comprehensive/Collision Damage
- Actual Cash Value Coverage

Auto Physical Damage – Renewal Status

1. Full marketing effort to all PE stand alone markets
2. Estimated 5-15% currently
3. Chubb quote 3% exposure decrease; 3% premium decrease
4. Hanover quote \$25K Deductible

Excess Workers' Compensation – Current Program

- Statutory Work Comp Benefits
- \$2M Employers' Liability Limit per Occurrence
- \$2M SIR for Presumption Claims
- \$750K SIR for All Other

Excess Workers' Compensation – Renewal Status

1. SIR/Pricing Feedback/Declinations to date
2. Full marketing effort to all Public Entity Markets
3. Safety National offered (3) SIR quote options for renewal 23/24

Public Entity Liability/Excess Liability – Current Program

- \$10,000,000 Primary Any One Occurrence, Wrongful Act or Offense for Bodily Injury, Property Damage, Public Officials E&O, Employment Practices Liability, or Personal Injury
- \$50,000,000 Total Aggregate
- \$2.5M Retention

Public Entity Liability/Excess Liability – Renewal Status

1. Incumbent Quotes Expected 1st to 2nd Week of June
2. Current estimates are still shifting
3. Full Marketing Effort to All PE Markets
4. Continued Capacity/LE Issues
5. APR Agreed to include LE Liability
6. Alliant ANML Program Quoting
7. PRISM would like an opportunity to quote

Cyber Liability – Current Program

- \$3M Policy Limit of Liability
- \$3M Sub-Limit for Media Content, Security & Privacy, Regulatory Action, Network Interruption, Event Management & Cyber Extortion
- \$75K Retention per Occurrence (\$50K for Media)

Cyber Liability – Renewal Status

1. Incumbent quote expected first week of June
2. Full Marketing Effort to all PE Markets
3. Continued Capacity Issues

Foreign Travel – Current Program

- Foreign Package Policy with Chubb
- \$1M General Liability
- \$1M Employee Benefits
- \$1M Contingent Auto Liability
- \$1M Employers Liability
- \$250K AD&D
- \$250K K&R
- Various Deductibles

Foreign Travel – Renewal Status

1. Quote came in Flat

Dams & Bridges – Current Program

- Stand-alone Policy with Chubb
- Scheduled Values Coverage
- \$250K Deductible (\$500K for Flood)

Dams & Bridges – Renewal Status

1. Estimated 10-20 % increase
2. TIV is \$90,213,753 using 1.0256% Trend Factor

Pollution – Current Program

- Stand-alone Policy with Ironshore
- \$5M Policy Aggregate Limit
- \$100K Deductible

Pollution – Renewal Status

1. Full Marketing Effort to All PE Markets

Crime – Current Program

- Stand-alone Policy with Zurich – 3 Year policy (2020-2023)
- \$2M Policy Aggregate Limit
- \$25K Deductible

Crime – Renewal Status

1. Full Marketing Effort to All PE Markets
2. Zurich quoted 3 Year Policy
3. Competitive ACIP option – 1 Year Policy Option

Fiduciary – Current Program

- Stand-alone Policy with Euclid Managers (FLIP) Primary
- \$10M Policy Aggregate Limit
- \$25K\$100K Deductible
- Stand-alone Policy with RLI (FLIP) Excess
- \$5M xs \$10M Policy Aggregate Limit
- \$Nil Deductible

Fiduciary – Renewal Status

1. Full Marketing Effort to All PE Markets

Drone – Current Program

- Stand-alone Policy with Global Aerospace
- \$2M Policy Aggregate Limit
- 5%/10% as per schedule of aircraft Deductible

Drone – Renewal Status

1. Full Marketing Effort to All PE Markets



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