

## Risk Management Trust Board

### *Virtual Meeting*

Monday, May 23, 2022

5:00 p.m.

Members of the Board will attend virtually.

Ways to connect:

1. On your computer/tablet (*Recommended*)
  - a. Click on this [Cisco Webex Event Address for attendees](#).
  - b. Enter "RMTB" in the prompt "enter the meeting password".
2. On your phone - Dial in at 408-418-9388, Event number is 2495 576 4402

Due to health and safety concerns pertaining to Coronavirus (COVID-19), this meeting will be held virtually through Cisco WebEx Events. Written comments regarding agenda items may be submitted via email to [alex\\_chin@tempe.gov](mailto:alex_chin@tempe.gov) no later than 5:00 p.m. on Monday, May 23, 2022.

## AGENDA

1. **Call to Order**
2. **Approval of the April 27, 2022, Board Meeting Minutes**
3. **Discussion: Resolution for Insurance Renewal Authorization**
4. **Alliant Renewal 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](mailto:clerk@tempe.gov) .**

# Minutes

## Risk Management Trust Board

### April 27, 2022

Minutes of the Risk Management Trust Board meeting held virtually via Cisco Webex on April 27, 2022, at 5:00 p.m.

**Board Members Present:**

Robin Arredondo-Savage  
Heather Bilodeau  
Jerry Hart  
Tom Duensing, Interim Chief Finance Officer

**Board Members Absent:**

None

**City Staff Present:**

Chris Hansen, Risk Manager  
  
Nichole Martinez, Workers' Compensation Program Specialist  
  
David McAllister, Risk Mgmt Claims Adjuster  
Alex Chin, Executive Assistant

**Guests Present:**

Pamela Dominguez, Alliant Insurance Services, Inc.  
Shawn Kraatz, Alliant Insurance Service: Inc.

**Agenda Item 1 – Call to Order:**

Chair Tom Duensing called the meeting to order at 5:02 p.m.

**Agenda Item 2 – Approval of Board Meeting Minutes:**

Motion by Robin Arredondo-Savage to approve the January 26th, 2022, Board meeting minutes; second by Heather Bilodeau. Motion passed on a vote of 4-0.

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

Nays: None

Absent: None

**Agenda Item 3 – Update Risk Management Trust Board - 2021 Annual Claims Trends Report:**

At the January RMTB meeting, there was an ask to present more information on trends. Chris Hansen provided the following FY16/17 to FY21/22 trends information:

- Liability Program by Fiscal Year – Frequency vs. Severity:
  - FY19/20 was the worst FY regarding the number of claims and payouts.
  - Municipal Utilities generated the most claims.
    - Common claims involve wall damage during refuse pick up and water damage claims from water line breaks.
  - Police, while claims are fewer, experience higher claim severity and payout.
    - These claims include excessive force or civil rights violations.

Percentage of Overall Frequency by Line of Coverage:

- General liability property damage are the most frequent type of liability claim. It includes incidents such as water main breaks, damage from fallen light poles, pothole claims.

Percentage of Overall Severity by Lines of Coverage:

- General Liability Personal Injury paid out the most, followed by property damage and liability bodily injury.

Total Severity of Most Frequently Reported Claim:

- Bodily injury and property damage equate to be the majority.

Chairman Tom Duensing asked if the City paid the FY16/17 to FY21/22 claims 100% out of pocket? All claims are paid out of pocket. Tom continues to ask the types of claims within the department if any trend patterns are trending in the wrong direction. Both Chris Hansen and David McAllister report that Solid Waste is trending in the wrong direction. Settlements, cost of building materials and car parts, are trending in the wrong direction. Delays in repair due to material shortages are also contributing to increase claim costs. Chairman Jerry Hart reminded the board that the City considered converting all the trash pick up to be on the street. Presently, Council has no indications of converting alley trash pick up to curbside.

- Workman's Comp by Fiscal Year.
  - The frequency of claims has been consistent through the years.
- Workman's Comp Frequency by department.
  - Police have the most claims, followed by Fire then Municipal Utilities.
- Workman's Comp Severity by department.
  - Police have the most payout, followed by Community Service, Fire, and Municipal Utilities.
- Workman's Comp Most Frequent Police Department Injuries.
  - Suspect Apprehension is the highest.
  - Police are hiring their wellness coordinator, so hopefully, this injury will trend downward.
- Total Workman's Comp Severity by Most Frequently Reported Claims.
  - Throughout the City – back, should, wrist, and knee injuries are significant.

Alliant reported the losses in Arizona to different cities than typical losses nationwide. Alliant has been in Arizona for two decades and has insured many of our peer Arizona cities. The most significant claim is \$10 Million for the City of Scottsdale for Law Enforcement Liability. Nationally, the average of 4.5 to 5 million in Arizona is at 172, 50, or 97-million-dollar payout. Every client in Arizona has experienced the same type of substantial increases in both the primary and excess layers of insurance for general liability and shifts in retention. Tempe is not getting surcharged more than other entities. It is the entire state of Arizona, and each client is going through a challenging market. Tom asked if the prediction that the market will settle in the next few years or continue to be unpredictable. Alliant states the liability market does not show any relief and liability will continue to be challenging.

Chris Hansen last reports on working on the Performance Measure for Risk claims. Risk has been working with Wydale Holmes on developing the measure focused on the total cost of risk as a percentage of the total budget for the City. It is planned that a performance measure will be ready by the Fall of 2022.

**Agenda Item 4 - Alliant Renewal Update and Recommendations**

Alliant returned with information answering some questions asked from the last meeting. The Prism Pooling option is currently under review, but it is not guaranteed that City can participate in the first year. There was a request to have a side-by-side comparison of proprietary programs at the previous meeting. Presently, it is too early in the market to have that comparison. But once the underwriters have additional time to review the submissions, Alliant will report back to the board at a future meeting. The three strategies Alliant is looking at for Tempe are:

1. Standard Market
2. Proprietary Programs
3. Prism Pooling

A comparison between limits retention and the population side of a peer group in Arizona was shown to the board. Tempe is currently at \$30 million for limits purchased which places Tempe in the middle of similar sized cities, but Tempe's retention is higher. Alliant provided renewal strategies for the following programs:

- Excess Workers' Compensation
- Public Entity Liability/Excess Liability
- Property
- Cyber Liability
- Crime

Due to the timing of getting quotes and getting on a council agenda at the end of June, Tom asked if this board would get those quotes or should the board consider a "not to exceed" recommendation to Council in June. Alliant's goal is adapted to try and meet those deadlines with every coverage so that the board can make a recommendation. When looking at the traditional market, Robin expressed concerns about Alliant going back to incumbent carriers. She wanted to ensure that Alliant is shopping and not just relying on the proprietary program or the incumbent markets but looking outside the different traditional markets. Alliant acknowledges they will be going to the traditional markets and the incumbents, a complete marketing list. Robin continues to ask about the proprietary programs option and how that would change the yearly payout that the City is paying now. As the City's broker, Alliant will be conducting their analysis once the initial underwriting feedback is done. Alliant can make a side-by-side comparison to determine the best option. Robin's final question is regarding proactive risk management, and if in other cities, did that make a change? Obtaining some success stories would be appreciated as this board looks at best practices. Alliant can provide that information at the next meeting.

Tom recommends a follow-up meeting with this board in May to focus on the renewal recommendation to make it to the Regular Council Meeting on June 23rd. Alliant can plan to have information available in the next 30 days. It is planned to have a follow-up meeting at the end of May.

Additional items to bring back include the approval of insurance. The City of Mesa has its insurance approved by ordinance through the city manager and the city attorney rather than the city council. Chris recommends presenting that information and having this discussion with the board at the next meeting.

**Agenda Item 5 - Board Member and Staff Announcements**

There were no announcements.

**Agenda Item 6 – Public Appearances**

There were no public appearances.

The meeting adjourned at 6:15 p.m.

Minutes prepared by: Alex Chin

Minutes reviewed by: Chris Hansen and Tom Duensing

Date: May 20, 2022

To: Risk Management Trust Board

From: Chris Hansen, Risk Manager – Financial Services Department

Subject: City of Mesa Resolutions Regarding Insurance Renewals

**Background**

City of Tempe Risk Management was made aware of a City of Mesa City Council Resolution that authorized the City of Mesa City Manager to enter into new insurance agreements and renew insurance policies annually without City Council action.

**Direction**

Staff is bringing forward the City of Mesa Resolutions for discussion and to ascertain if there's interest in proposing a similar resolution to the City of Tempe City Council.

RESOLUTION NO. 11429

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE CITY MANAGER TO OBTAIN PROPERTY, LIABILITY, CYBER RISK, AND AVIATION INSURANCE AND AUTHORIZING UP TO FOUR ADDITIONAL ANNUAL RENEWAL PERIODS.

WHEREAS, the City obtains property, liability, cyber risk, and aviation insurance annually in November of each year.

WHEREAS, these insurance policies for municipalities generally can only be purchased on an annual basis with annual renewals.

WHEREAS, Council previously authorized (in Resolution 11239) obtaining insurance with up to four additional years of renewing the insurance if the renewal rates were limited within certain parameters stated in the Resolution; and this year's renewal was not within such parameters so Council action is needed to obtain insurance.

WHEREAS, Council finds it is appropriate to obtain the insurance as recommended by the City Attorney's Office and to authorize the City Manager to renew such insurance coverages (including the ability to change carriers and modifying deductibles as appropriate or as needed) for up to the next four annual renewal periods thereafter if the cost of the renewal each year does not exceed a 2.5% increase to the rate for a specific coverage/policy and/or a 2.5% increase to the premium.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MESA, COUNTY OF MARICOPA, ARIZONA, AS FOLLOWS:


Section 1: That the City Manager, or his designee, is authorized to enter into new insurance agreements for property, liability, cyber risk, and aviation insurance coverages and authorized to renew such insurance coverages for up to the four additional annual renewal periods thereafter if the cost of the renewal each year does not exceed a 2.5% increase to the rate for a specific coverage/policy and/or a 2.5% increase to the premium. A renewal that exceeds such an increase may only be renewed upon City Council approval.

PASSED AND ADOPTED by the City Council of the City of Mesa, Maricopa County, Arizona, this 18th day of November, 2019.

APPROVED:

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk



RESOLUTION NO. 11602

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE CITY MANAGER TO OBTAIN INSURANCE FOR THE CITY INCLUDING PROPERTY, LIABILITY, CYBER RISK, AND AVIATION INSURANCE AND AUTHORIZING ADDITIONAL INSURANCE PURCHASES AND RENEWALS.

WHEREAS, the City obtains insurance for the City of Mesa through the City's Property and Public Liability Trust Fund ("PPL Trust") including property, liability, cyber risk, and aviation insurance annually in November of each year; and the City contracts with an experienced, national broker ("City's Insurance Broker") to assist and represent the City in procuring and selecting such insurance.

WHEREAS, these insurance policies for municipalities generally can only be purchased on an annual basis with annual renewals.

WHEREAS, Council previously authorized (in Resolution No. 11429) obtaining insurance with up to four additional years of renewing the insurance if the renewal rates were within certain parameters stated in the Resolution; and this year's renewal was not within such parameters so Council action is needed to obtain insurance.

WHEREAS, obtaining insurance for municipalities has become more complex and challenging in the last several years and obtaining or renewing insurance occurs near the renewal period or at other times of the year when additional policies may be needed; and therefore, Council finds it is appropriate to authorize the City Attorney and City Manager to purchase and renew insurance coverages (including the ability to change carriers, to add additional insurance or excess layers of insurance, to modify coverage amounts, and to modify deductibles as appropriate or as needed) with PPL Trust funds for the benefit of the City as provided in this Resolution.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MESA, COUNTY OF MARICOPA, ARIZONA, AS FOLLOWS:

Section 1: That the City Manager, or his designee, is authorized to enter into the new insurance agreements for property, liability, cyber risk, and aviation insurance coverages as recommended by the City Attorney's Office; and that the City Manager and City Attorney are further authorized for the calendar years of 2020 and 2021, through the use of and with the recommendation by the City's Insurance Broker, to purchase and renew insurance coverages (including the ability to change carriers, to add additional insurance or excess layers of insurance, to modify coverage amounts, and to modify deductibles as appropriate or as needed) with PPL Trust funds for the benefit of the City.

Section 2: That the City Manager, or his designee, is authorized for the calendar years of 2022 through 2024 to enter into new annual insurance agreements including insurance for property, liability, cyber risk, and aviation insurance coverages that are recommended by the City Attorney and City's Insurance Broker if the rates for such insurance coverages do not exceed the previous year's rates for a specific coverage/policy by more than 5% and/or the premium for such insurance coverages does not exceed



the then-current premium for a specific coverage/policy by more than 5%. A renewal that exceeds such an increase may only be renewed upon City Council approval.

PASSED AND ADOPTED by the City Council of the City of Mesa, Maricopa County, Arizona, this 16<sup>th</sup> day of November, 2020.

APPROVED:

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk





Presentation to the

# City of Tempe

## Insurance Renewal Status Update

Presented by:

**Alliant Insurance Services, Inc.**

May 23, 2022

**Shawn Kraatz, FVP**

**Pamela Dominguez, VP**



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## Presentation Goals and Objectives

- Renewal Status Update by Line of Coverage
  - Incumbent Markets
  - Full Marketing Effort All Lines
  - Alternative Options Feedback
- Initial Carrier Feedback
- Incumbent Markets/Underwriter Changes
- Carrier Timeline Feedback
- City Timelines

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## 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. Incumbent Travelers – Senior Management/UW Changes
2. Full Marketing to all PE stand alone markets – Timing Feedback
3. Current Estimates are 15-30%
4. APIP has reviewed the submission and is working on quote
5. PRISM not an option this year - Timing

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## 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. Incumbent quote expected first week of June
2. Full marketing effort to all PE stand alone markets
3. Estimated 5-15% currently
4. APIP quote to include APD as part of overall property quote

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## 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. Incumbent quote expected first week of June
2. SIR/Pricing Feedback/Declinations to date
3. Full marketing effort to all PE Markets



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## 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 1<sup>st</sup> to 2<sup>nd</sup> 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

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## 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
4. APIP to include Cyber Option through the program



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## 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. Incumbent quote Expected 1<sup>st</sup> to 2<sup>nd</sup>  
Week of June
2. Full Marketing to All PE Markets
3. Current Estimates Flat to 10%

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## Dams & Bridges – Current Program

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

## Dams & Bridges – Renewal Status

1. Incumbent Quote Expected Week of May 23<sup>rd</sup>
2. Included Dam Detail to All Stand Alone Markets Quoting Property
3. APIP Unable to quote as Part of Property Quote

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## Pollution – Current Program

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

## Pollution – Renewal Status

1. Incumbent Quote Expected First Week of June
2. Current Estimates 10-15%
3. Full Marketing Effort to All PE Markets
4. APIP to Include Pollution Option as Part of APIP



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