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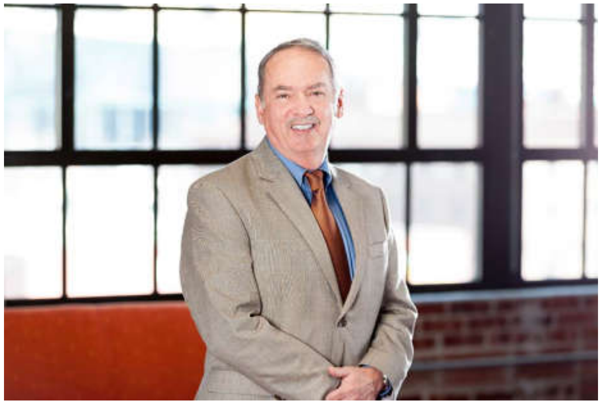
# CITY OF INDEPENDENCE, MISSOURI

MARCH 11, 2024

## LIABILITY INSURANCE
## APRIL 1, 2024 INCEPTION

# RISK MANAGEMENT CONTACTS



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# CITY LIABILITY RISK/EXPOSURE

## GENERAL LIABILITY

### Risk Areas Include

- Premises Liability
- Operations Liability
- Bodily Injury
- Property Damage

### Common Claims Include

- Sewer Backups
- Damage Caused by Roadways
- Damage Caused by Mobile Equipment
- Sips/Falls on Public Premises
- Playground Injuries

### Key Points

- Defenses under Missouri Sovereign Immunity
- Gross negligence must be proven on the part of the City

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# CITY LIABILITY RISK/EXPOSURE

## EMPLOYMENT PRACTICES LIABILITY

- Currently Part the of the Public Official Liability Terminology of Wrongful Act
- Covered Allegations Can Include:
  - Wrongful Discharge, Dismissal or Termination of Employment
  - Breach of any Written or Implied Employment Contract
  - Employment Discrimination (Including Sexual Harassment)
  - Wrongful Failure to Promote or Employ
  - Wrongful Demotion
  - Wrongful Discipline
  - Wrongful Deprivation of Career
  - Negligent Evaluation
  - Wrongful Retaliation
  - Wrongful Denial of Training or Evaluation

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# CITY LIABILITY RISK/EXPOSURE

## LAW ENFORCEMENT LIABILITY

- Bodily Injury and/or Property Damage could be a “Tort” eligible for Sovereign Immunity in Some Cases
- Most Allegations Fall Under Federal Issues
    - False Arrest, Wrongful Use of Force, etc.

## PUBLIC OFFICIAL LIABILITY

- Typically Filed in Federal Court
    - NO Immunity
- Common Allegations Include
    - Discrimination, Due Process, Breach of Duty, & Other Errors and Omissions

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# CITY LIABILITY RISK/EXPOSURE

## AUTO LIABILITY

- Falls Under Missouri Sovereign Immunity Statute for In-State Accidents
  - There are Liability Limitations
- Risk & Exposure of Bodily Injury & Property Damage caused by an Accident
- Due to the Ownership, Maintenance or Use of a Vehicle Licensed for Use on Public Roadway
- Employee Use of their Own Vehicle

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# CURRENT LIABILITY COVERAGE

- **INSURER/CARRIER:** STATES RISK RETENTION GROUP
- **POLICY LIMIT:** $10,000,000
  - Most in Any One Year – For All Liability Losses
- **SELF-INSURED RETENTION (SIR)/DEDUCTIBLE:** $250,000
  - City Pays Per Incident
- **POLICY COVERS MOST CITY LIABILITY RISKS, INCLUDING:**
  - General Liability
  - Employment Practices (*Part of Public Official Program*)
  - Law Enforcement Liability
  - Public Official Liability
  - Auto Liability

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# 2024-2025 RENEWAL TIMELINE

## SEPTEMBER 2023

Charlesworth Began Discussions with Lockton to Market Possibilities of City Liability Insurance

States RRG Updates Anticipated Increase in Retention Requirement for all Municipal Members

## NOV – DEC 2023

Charlesworth & Lockton Began Work with States RRG on Renewal Process

## JANUARY 2024

Charlesworth & Lockton Reviewed Updated Loss Data & Retention Movement Requirements

## FEBRUARY 2024

Charlesworth, Lockton & City Staff Met to Review Carrier Quotes

Lockton Began Discussions with MOPERM & Revised Applications with Old Republic

## MARCH 2024

**3/11/2024**
Work Session to Presentation by Charlesworth

**3/18/2024**
City Council to Vote on 2024-2025 Casualty/Liability Policy Coverage

## APRIL 2024

**4/1/2024**
2024 -2025 Casualty/Liability Policy Begins

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# MARKETPLACE CARRIER RESPONSES

| Insurer/Market | Result | Details |
|---|---|---|
| Chubb | Partial Declination | Declined to quote limits under $5M. Lockton continues to work with them to quote limits excess of Old Republic and MOPERM although their limits would not meet their initial primary threshold. |
| Genesis | Declined | Is a reinsurer for States Risk and cannot compete. |
| Glatfelter | Declined | City of Independence is larger than their size threshold. |
| MOPERM | Quoted | |
| MPR | Declined | Risk profile does not fit their membership. |
| Munich Re | | Declined to quote limits under $5M. Lockton continues to work with them to quote limits excess of Old Republic and MOPERM although their limits would not meet their initial primary threshold. |
| Old Republic | Quoted | |
| Safety National | Declined | Would need higher retentions than $1M and pricing would not be reasonable. |
| States Risk | Quoted | |
| Travelers | Declined | Concerns with law enforcement exposure as well as power utility exposure. |
| *Other wholesale/excess surplus lines approached declined.* | | |

**Received responses from multiple carriers as obtained by the City's broker (Lockton), as provided, including declinations.*
***Law Enforcement Liability has been on the rise across the country whereby fewer are offering coverage. If coverage is provided, higher retentions are assigned.*

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# APPROVED CARRIER QUOTES

**City of Independence, Missouri**
**Casualty Program Quote Summary**
**April 1, 2024-25**

| Insurer | States Risk | States Risk | States Risk | | MOPERM | | Old Republic |
|---|---|---|---|---|---|---|---|
| | 2022-23 Policy Term | 2023-24 Policy Term Expiring | Option A | Option B | Option C | Option D | Option E |
| Coverage Form | Occurrence | Occurrence | Occurrence | Occurrence | Occurrence | Occurrence | Occurrence |
| | | | | | | | |
| **Limits** | | | | | | | |
| Each Occurrence Limit | $10,000,000 | $10,000,000 | $10,000,000 | $5,000,000 | $3,370,137 | $3,370,137 | $1,000,000 |
| Any one person in a single | N/A | N/A | N/A | N/A | $505,520 | $505,520 | N/A |
| Aggregated Limits | $10,000,000 | $10,000,000 | $10,000,000 | $5,000,000 | N/A | N/A | See below |
| Claims other than those established by Section 537.6 RSMo | Not a separate line item | Not a separate line item | Not a separate line item | Not a separate line item | $2,000,000 | $2,000,000 | Not a separate line item |
| **Self Insured Retention** | **$250,000** | **$250,000** | **$1,000,000** | **$1,000,000** | **$100,000 except;<br>$250,000 auto liability<br>$500,000 law enforcement liab<br>$1,000 employee benefits liab** | **$500,000** | **$1,000,000** |
| **Co-insurance (above retention)** | N/A | N/A | **10%** | **10%** | **N/A** | **N/A** | N/A |
| | | | | | | | |
| **Annual Premium** | $651,257 | $779,991 | $908,151 | $737,468 | $3,069,619 | $2,897,298 | $325,000 |
| Terrorism Premium | $19,538 | $23,400 | $28,745 | $22,124 | | | $2,799 |
| **Membership Fee (10%)** | N/A | N/A | $93,690 | $75,959 | N/A | N/A | N/A |
| **Total** | **$670,795** | **$803,391** | **$1,016,896** | **$835,551** | **$3,069,619** | **$2,897,298** | **$327,799** |

**Upon initial quotes provided, City staff asked Lockton to have carriers quote void of Law Enforcement Liability and/or just higher retentions for this risk only. All declined the option to quote with these conditions. Also considered quotes void of Employment Practices, but premium credits would be minimal and some prefer to not exclude due to policy wording that may cause unintended coverages.*

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# CITY LIABILITY INSURANCE HISTORY

| Insurer | States Risk | States Risk | States Risk | States Risk | States Risk | States Risk 2024-2025 | |
|---|---|---|---|---|---|---|---|
| **Policy Term** | **2019-2020 Policy Term** | **2020-21 Policy Term** | **2021-22 Policy Term** | **2022-23 Policy Term** | **2023-24 Policy Term Expiring** | **Option A** | **Option B** |
| Coverage Form | Occurrence | Occurrence | Occurrence | Occurrence | Occurrence | Occurrence | Occurrence |
| | | | | | | | |
| **Limits** | | | | | | | |
| Each Occurrence Limit | $10,000,000 | $10,000,000 | $10,000,000 | $10,000,000 | $10,000,000 | $10,000,000 | $5,000,000 |
| Any one person in a single accident/occurrence | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Aggregated Limits | $10,000,000 | $10,000,000 | $10,000,000 | $10,000,000 | $10,000,000 | $10,000,000 | $5,000,000 |
| Claims other than those established by Section 537.6 RSMo | Not a separate line item | Not a separate line item | Not a separate line item | Not a separate line item | Not a separate line item | Not a separate line item | Not a separate line item |
| **Self Insured Retention** | **$150,000** | **$200,000** | **$250,000** | **$250,000** | **$250,000** | **$1,000,000** | **$1,000,000** |
| **Co-insurance (above retention)** | N/A | N/A | N/A | N/A | N/A | **10%** | **10%** |
| | | | | | | | |
| **Annual Premium** | $598,704 | $585,028 | $613,595 | $651,257 | $779,991 | $908,151 | $737,468 |
| Terrorism Premium | Included | Included | Included | $19,538 | $23,400 | $28,745 | $22,124 |
| **Membership Fee (10%)** | N/A | N/A | N/A | N/A | N/A | $93,690 | $75,959 |
| **Total** | **$598,704** | **$585,028** | **$613,595** | **$670,795** | **$803,391** | **$1,016,896** | **$835,551** |

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# 2024 – 2025 POLICY RECOMMENDATION

- Casualty (Liability) Insurance Program with Incumbent, States Risk Retention Group
  - *Option B: Total Annual Cost +3.85%*
  - *0% Co-Insurance to 10% Co-Insurance Above Retention*
  - *SIR Increased from $250,000 to $1 million*
  - *Policy Limit from $10 million to $5 million*
- None of the Alternatives Appear Competitive
- States RRG Provides a Better Overall Risk Transfer Solution Compared the Other Approved Options & Continues to Provide the City with Catastrophic Coverage at a more Reasonable Budget Amount
  - *Provides the City a Benchmark from which to Pursue a more Self-Insured Status*

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# GOALS MOVING FORWARD

- Insurance Market Assessment Over the Next Year
  - *Aggressively Look into a Program Addressing General & Auto Liability*
- Consider Self-Funding Law Enforcement & Public Official Liability Risk &/or Seek Out Possible Stand-Alone Insurers Worldwide for Catastrophic Coverage Only
- City is Taking the Following Steps to Mitigate Risk
  - ✓ *Implementing Pro-Active Human Resource Policies & Practices*
  - ✓ *Implementing Mandatory Training*
  - ✓ *Standard Operating Procedures*
  - ✓ *Progressive Discipline for Individuals Not Following Standard Practice*

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