

FOR BOARD ACTION

Agenda Item # 5

Meeting Date:

12/20/11

SUBJECT:

INSURANCE QUOTATIONS FOR 2012

PREPARED BY:

Debra Donahue, Business Services Supervisor

ITEM DESCRIPTION:

Listed below are the recommended insurance quotations for obtaining all risk property insurance and general liability and automotive insurance for 2012.

ALL RISK PROPERTY INURANCE:

The C.O. Brown Agency requested proposals and received seven responses.

The carriers based their quotes on policy limits of \$150 million to \$250 million. The deductibles remain the same at \$ 100,000 for property and transformers and a range on the turbine generators from \$250,000 to \$400,000. Management is recommending risk property coverage with National Union Fire/Lloyd of London. As a result of the loss sustained last year, some carriers declined to bid and those responding wanted significantly higher premiums.

| | <u>PROPERTY VALUE</u> | <u>PREMIUM</u> |
|------|-----------------------|----------------|
| 2008 | \$ 287,029,000 | \$ 355,496 |
| 2009 | \$ 357,590,000 | \$ 375,643 |
| 2010 | \$ 365,000,370 | \$ 415,943 |
| 2011 | \$ 365,707,833 | \$ 395,010 |
| 2012 | \$ 374,149,101 | \$ 438,537 |

The above coverage does not provide for acts of terrorism. In past years, the board has elected to decline the terrorism endorsement.

LIABILITY AND COMMERICAL AUTO INSURANCE:

Management recommends maintaining the same structure of coverage for liability and auto insurance, having the League of MN Cities provide the primary coverage up to \$1.5 million for claims in accordance with Minnesota statutory limits. The annual aggregate deductible remains at \$50,000 with \$25,000 per occurrence for all lines. In 2011, RPU received a dividend from the League of \$25,908. The League will be distributing about \$12 million back to its members based on premiums and incurred losses for all years of membership.

Management also recommends maintaining AEGIS to provide blanket liability coverage with limits from \$ 1,000,000 up to \$ 20,000,000.



General Manager



Date

ROCHESTER PUBLIC UTILITIES

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| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---------------------|-------------|-------------|-------------|-------------|
| League of MN Cities | \$134,469 | \$134,140 | \$135,229 | \$128,668 |
| AEGIS | \$144,636 | \$179,304 | \$205,631 | \$214,367 |

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

All the insurance premiums are within the budgeted cost center items for 2012.

UTILITY BOARD ACTION REQUESTED:

Management recommends that the Board approve the attached resolutions for property and liability insurance for 2012.

General Manager

Date

ROCHESTER PUBLIC UTILITIES



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve an insurance agreement with the National Union Fire / Lloyds of London Syndicates for

ALL RISK PROPERTY INSURANCE

The insurance agreement to be for a twelve month policy period commencing December 31, 2011, and expiring December 31, 2012.

The amount of the contract agreement to be FOUR HUNDRED THIRTY-EIGHT THOUSAND FIVE HUNDRED THIRTY-SEVEN AND 50/100 DOLLARS (\$438,537.50).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 20th day of December, 2011.

President

Secretary



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve an insurance agreement with the League of Minnesota Cities Insurance Trust for

COMMERCIAL AUTOMOBILE AND GENERAL LIABILITY INSURANCE

The insurance agreement to be for a twelve month policy period commencing December 31, 2011, and expiring December 31, 2012.

The amount of the contract agreement to be ONE HUNDRED TWENTY-EIGHT THOUSAND SIX HUNDRED SIXTY-EIGHT AND 00/100 DOLLARS (\$128,668).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 20th day of December, 2011.

President

Secretary



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve an insurance agreement with the Associated Electric and Gas Insurance Services, Ltd. (AEGIS) for

EXCESS GENERAL LIABILITY INSURANCE

The insurance agreement to be for a twelve month policy period commencing December 31, 2011, and expiring December 31, 2012.

The amount of the contract agreement to be TWO HUNDRED FOURTEEN THOUSAND THREE HUNDRED SIXTY-SEVEN AND 65/100 DOLLARS (\$214,367.65).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 20th day of December, 2011.

President

Secretary