

FOR BOARD ACTION

Agenda Item # 4

Meeting Date:

12/18/2012

SUBJECT:

INSURANCE QUOTATIONS FOR 2013

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 2013.

ALL RISK PROPERTY INURANCE:

The C.O. Brown Agency requested proposals from nine new markets and received only five responses. All responding agencies declined the opportunity to bid as several stated the current target premium was too low. Responding agencies also requested additional information regarding the decommissioning of the Silver Lake Plant operation in 2015.

The carriers based their quotes on policy limits of \$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 AIG/AEGIS/Lloyds of London.

	<u>PROPERTY VALUE</u>	<u>PREMIUM</u>
2009	\$ 357,590,000	\$ 375,643
2010	\$ 365,000,370	\$ 415,943
2011	\$ 365,707,833	\$ 395,010
2012	\$ 374,149,101	\$ 438,537
2013	\$ 378,081,389	\$ 495,000 *

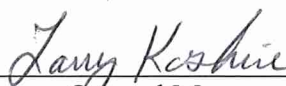
* Additional information was provided regarding current and future state of Silver Lake Plant operations. Based on review, final premium may be reduced but will not exceed \$495,000.

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 of coverage. In 2012, RPU received a dividend from the League of \$35,739. The League will be distributing about \$16 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

12-18-12
Date

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	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
League of MN Cities	\$134,140	\$135,229	\$128,668	\$137,187
AEGIS	\$179,304	\$205,631	\$214,367	\$228,275

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

All the insurance premiums are within the budgeted cost center items for 2013.

UTILITY BOARD ACTION REQUESTED:

Management recommends that the Board approve the attached resolutions for property and liability insurance for 2013.

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 AIG / AEGIS / Lloyds of London Syndicates for

ALL RISK PROPERTY INSURANCE

The insurance agreement to be for a twelve month policy period commencing December 31, 2012, and expiring December 31, 2013.

The amount of the contract agreement to be FOUR HUNDRED SIXTY-FOUR THOUSAND ONE HUNDRED EIGHTY-FIVE 45/100 DOLLARS (\$464,185.45).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 18th day of December, 2012.

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, 2012, and expiring December 31, 2013.

The amount of the contract agreement to be ONE HUNDRED THIRTY-SEVEN THOUSAND ONE HUNDRED EIGHTY-SEVEN AND 00/100 DOLLARS (\$137,187.00).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 18th day of December, 2012.

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, 2012, and expiring December 31, 2013.

The amount of the contract agreement to be TWO HUNDRED TWENTY-EIGHT THOUSAND TWO HUNDRED SEVENTY-FIVE AND 43/100 DOLLARS (\$228,275.43).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 18th day of December, 2012.

President

Secretary