

FOR BOARD ACTION

Agenda Item # 3.a.

Meeting Date:

12/21/10

SUBJECT:

INSURANCE QUOTATIONS FOR 2010

PREPARED BY:

Deb Peña, 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 2011.

ALL RISK PROPERTY INURANCE:

The C.O. Brown Agency requested proposals and received four responses. A schedule of the proposals and coverage is attached for review.

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/Arch. As a result of the loss they sustained this year, some carriers declined to bid and those responding wanted significantly higher premiums.

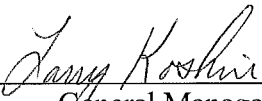
	<u>PROPERTY VALUE</u>	<u>PREMIUM</u>
2007	\$ 231,449,000	\$ 313,897
2008	\$ 287,029,000	\$ 355,496
2009	\$ 357,590,000	\$ 375,643
2010	\$ 365,000,370	\$ 415,943
2011	\$ 365,707,833	\$ 395,010

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 has been reduced from \$100,000 to \$50,000 with \$25,000 per occurrence for all lines. In 2010, RPU will be receiving a dividend from the League of approximately \$20K; the league will be distributing about \$10 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

12-17-10

Date

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	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
League of MN Cities	\$ 131,286	\$134,469	\$134,140	\$135,229
AEGIS	\$ 95,638	\$144,636	\$179,304	\$205,631

UTILITY BOARD ACTION REQUESTED:

The Board is requested to approve the attached resolutions for property and liability insurance for 2011 and to request Council approval of the same.

General Manager

Date



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested to approve an insurance agreement with the National Union Fire / Lloyds, London / Arch Insurance for

ALL RISK PROPERTY INSURANCE

The insurance agreement to be for a twelve month policy period commencing December 31, 2010, and expiring December 31, 2011.

The amount of the contract agreement to be THREE HUNDRED NINETY-FIVE THOUSAND TEN AND 00/100 DOLLARS (\$395,010).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 21st day of December, 2010.

President

Secretary



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested 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, 2010, and expiring December 31, 2011.

The amount of the contract agreement to be ONE HUNDRED THIRTY-FIVE THOUSAND TWO HUNDRED TWENTY-NINE AND 00/100 DOLLARS (\$135,229).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 21st day of December, 2010.

President

Secretary



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested 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, 2010, and expiring December 31, 2011.

The amount of the contract agreement to be TWO HUNDRED FIVE THOUSAND SIX HUNDRED THIRY-ONE AND 00/100 DOLLARS (\$205,631.00).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 21st day of December, 2010.

President

Secretary