

FOR BOARD ACTION

Agenda Item # 4.

Meeting Date:

12/13/07

SUBJECT:

INSURANCE QUOTATIONS FOR 2008

REVISED

PREPARED BY:

Sue Parker, Director of Corporate Services
Marny Billings, Manager of Business Services

ITEM DESCRIPTION:

Listed below are the recommended insurance quotations for obtaining all risk property insurance, general liability and automotive insurance for 2008. This has been another competitive year for this market. Rates for excess liability have decreased by 4%, auto liability rates have decreased by 7%, and auto physical damage have decreased by 10%. The total property values have increased from \$ 231,448,633 to \$287,029,191 with a drop in Property/Boiler rate reduction by 8%.

Per the League of Minnesota Cities, regarding liability coverage, please note that there will be a change in liability coverage limits which will reflect the upcoming increase in Minnesota statutory liability limits. Effective January 1, 2008, the statutory limits will increase to \$ 400,000 per claimant and \$ 1.2 million per occurrence. Essentially, RPU is receiving additional coverage at a stable rate. In addition, property/casualty program members will share a \$ 7 million dividend this year, which provides RPU a dividend of approximately \$ 12,000.

ALL RISK PROPERTY INSURANCE:

The C.O. Brown Agency requested two proposals and received two responses. The first one is from Starr Technical Risk Agency (ACE American Insurance Company) our current property insurance provider. The second proposal is from AEGIS, who provides our umbrella liability coverage.

	<u>PROPERTY VALUE</u>	<u>PREMIUM</u>
2005	\$ 209,390,000	\$ 532,177
2006	\$ 224,850,000	\$ 420,000
2007	\$ 231,449,000	\$ 313,897
2008	\$ 287,029,000	\$ 355,496

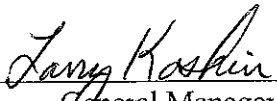
The above coverage does not provide for acts of terrorism or employment practices liability.

LIABILITY AND COMMERCIAL AUTO INSURANCE:

Staff recommends maintaining the same structure of coverage for liability and auto insurance, having the League of MN Cities Insurance Trust provide the primary coverage up to \$ 1,200,000.

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
League of MN Cities	\$ 118,328	\$ 123,571	\$ 129,633	\$ 131,286
AEGIS	\$ 69,385	\$ 81,440	\$ 84,123	\$ 95,638


General Manager

12-13-07
Date

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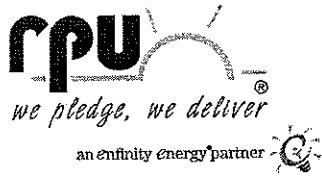
12/13/07

UTILITY BOARD ACTION REQUESTED:

The Board is requested to approve the attached resolutions for property and liability insurance for 2008 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 Starr-Technical Risk Agency, Inc. (ACE American Insurance Company) for furnishing the following insurance coverage:

ALL RISK PROPERTY INSURANCE

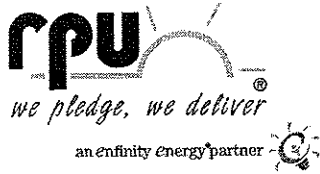
The insurance agreement to be for a twelve month policy period commencing December 31, 2007 and expiring December 31, 2008.

The amount of the twelve month premium effective December 31, 2006 to be THREE HUNDRED FIFTY-FIVE THOUSAND FOUR HUNDRED NINETY-SIX AND NO/100 DOLLARS (\$355,496 00).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 13th day of December, 2007.

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

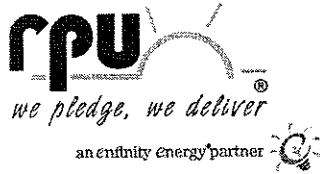
The insurance agreement to be for a twelve month policy period commencing December 31, 2007 and expiring December 31, 2008.

The amount of the twelve month premium effective December 31, 2006 to be ONE HUNDRED THIRTY-ONE THOUSAND TWO HUNDRED EIGHTY-SIX AND NO/100 DOLLARS (\$131,286.00).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 13th day of December, 2007.

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 furnishing the following insurance coverage:

EXCESS GENERAL LIABILITY INSURANCE

The insurance agreement to be for a twelve month policy period commencing December 31, 2007 and expiring December 31, 2008.

The amount of the twelve month premium effective December 31, 2006 to be NINETY-FIVE THOUSAND SIX HUNDRED THIRTY-EIGHT AND NO/100 DOLLARS (\$95,638.00)

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 13th day of December, 2007.

President

Secretary