

# FOR BOARD ACTION

Agenda Item # 6

Meeting Date:

12/11/08

**SUBJECT:**

INSURANCE QUOTATIONS FOR 2009

**PREPARED BY:**

Sue Parker, Director of Corporate Services

ITEM DESCRIPTION:

Listed below are the recommended insurance quotations for obtaining all risk property insurance and general liability and automotive insurance for 2009.

**ALL RISK PROPERTY INURANCE:**

The C.O. Brown Agency requested proposals and received ten 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 \$100,000 to \$500,000. The quotes where based on values that were adjusted by 28% to better reflect current replacement costs. Staff is recommending maintaining our all risk property coverage with AIG/Lloyd of London who provided the lowest cost proposal.

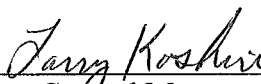
	<u>PROPERTY VALUE</u>	<u>PREMIUM</u>
2005	\$ 209,390,000	\$ 532,177
2006	\$ 224,850,000	\$ 420,000
2007	\$ 231,449,000	\$ 313,897
2008	\$ 287,029,000	\$ 355,496
2009	\$ 357,590,000	\$ 375,643

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:**

Staff recommends maintaining the same structure of coverage for liability and auto insurance, having the League of MN Cities provide the primary coverage up to \$ 1.2 million for claims before July1, 2009 and \$1.5 million after July 1, 2009 in accordance with Minnesota statutory limits. In 2008, RPU will be receiving a dividend from the League of approximately \$7,500; the league will be distributing about \$4 million back to its members based on premiums and incurred losses for all years of membership.

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

  
\_\_\_\_\_  
General Manager

  
\_\_\_\_\_  
Date

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	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
League of MN Cities	\$ 123,571	\$ 129,633	\$ 131,286	\$134,469
AEGIS	\$ 81,440	\$ 84,123	\$ 95,638	\$144,636

### UTILITY BOARD ACTION REQUESTED:

The Board is requested to approve the attached resolutions for property and liability insurance for 2009 and to request Council approval of the same.

\_\_\_\_\_  
General Manager

\_\_\_\_\_  
Date

**ROCHESTER PUBLIC UTILITIES**



## 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 AIG/Lloyd's of London for

### ALL RISK PROPERTY INSURANCE

The insurance agreement to be for a twelve month policy period commencing December 31, 2008, and expiring December 31, 2009.

The amount of the twelve month premium effective December 31, 2008 to be THREE HUNDRED SEVENTY FIVE THOUSAND SIX HUNDRED FORTY THREE AND 00/100 DOLLARS (\$375,643.00).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 11th day of December, 2008.

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President

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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, 2008, and expiring December 31, 2009.

The amount of the twelve month premium effective December 31, 2008 to be ONE HUNDRED THIRTY FOUR THOUSAND FOUR HUNDRED SIXTY NINE AND 00/100 DOLLARS (\$134,469.00).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 11th day of December, 2008.

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President

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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, 2008, and expiring December 31, 2009.

The amount of the twelve month premium effective December 31, 2008 to be ONE HUNDRED FORTY FOUR THOUSAND SIX HUNDRED THIRTY SIX AND 00/100 DOLLARS (\$144,636.00).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 11th day of December, 2008.

\_\_\_\_\_  
President

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Secretary