



FY 2021-22 INSURANCE RENEWAL

Finance Department

City Council
June 22, 2021

RiversideCA.gov

1

TABLE OF CONTENTS

1. INSURANCE DEFINITIONS
2. HOW IT WORKS
3. NOT-TO-EXCEED PROJECTIONS
4. POTENTIAL CHANGES
5. SUMMARY OF NOT-TO-EXCEED PROJECTIONS
6. RECOMMENDATIONS



2

RiversideCA.gov

2

DEFINITIONS

- 1. Insured**- The 'insured' is the entity that is covered under an insurance policy. The City is the 'insured' on the policies that the City purchases.
- 2. Broker**- The broker represents the City and is responsible for marketing the City's policies to the insurance markets. Keenan & Associates is the City's Property and Casualty broker.
- 3. Insurance Carrier**- A carrier is the actual insurance company who accepts the risk in exchange for a premium. If there is a claim, the carrier is the one who issues a check to their insured. The City pays premiums to multiple carriers in exchange for coverage under their policy.



3

RiversideCA.gov

3

HOW IT WORKS



4

RiversideCA.gov

4

NOT-TO-EXCEED PROJECTIONS (PROPERTY)

Coverage	2020-2021 Expiring Cost	2021-22 Program Cost	Change in Cost	% Change
Option 1- Property - All Risk (INCUMBANT APIP MEMBERSHIP)	\$1,392,523.00	\$2,020,000.00	\$627,477.00	45%
Option 2- Property - All Risk (STAND-ALONE NON-MEMBERSHIP)	\$1,392,523.00	\$975,000.00	(\$417,523.00)	-30.0%
Property - DIC Primary		\$387,703.75	\$387,703.75	
Property - DIC Excess	\$72,611.47	\$79,678.91	\$7,067.44	10%
Property - DIC Excess (ADD FLOOD)		\$29,313.00	\$29,313.00	
Co-Gens	\$765,238.00	\$1,147,857.00	\$382,619.00	50.0%
Fine Arts	\$36,330.00	\$32,515.00	(\$3,815.00)	-10.5%
Property Sub-Total Option 1:	\$2,266,702.47	\$3,697,067.66	\$627,477.00	63.1%
Property Sub-Total Option 2:	\$2,266,702.47	\$2,652,067.66	\$385,365.19	17.0%

Current Program

Alternative Option

Secured Option- City will Bind

5



RiversideCA.gov

5

NOT-TO-EXCEED PROJECTIONS (LIABILITY)

EXCESS LIABILITY OPTION

Coverage	2020-2021 Expiring Cost	2021-22 Program Cost	Change in Cost	% Change
General Liability -Primary	\$80,247.00	\$87,820.00	\$7,573.00	9.4%
Law Enforcement Liability	\$59,706.00	\$71,076.27	\$11,370.27	19.0%
Auto Liability	\$91,559.00	\$104,716.00	\$13,157.00	14.4%
Public Officials and EPL	\$60,122.00	\$67,133.15	\$7,011.15	11.7%
General Liability XS (1st)	\$162,418.00	\$66,511.00	(\$95,907.00)	-59.0%
General Liability XS (2nd)	\$244,780.00	\$440,000.00	\$195,220.00	79.8%
Liability Sub-Total:	\$698,832.00	\$837,256.42	\$138,424.42	20%

REINSURANCE OPTION

Coverage	2020-2021 Expiring Cost	2021-22 Program Cost	Change in Cost	% Change
Municipal Insurance Cooperative (MIC)	\$698,832.00	\$943,132.00	\$244,300.00	35%



6

RiversideCA.gov

6

NOT-TO-EXCEED PROJECTIONS (ANCILLARY + EXCESS WORKERS COMPENSATION)

Coverage	2020-2021 Expiring Cost	2021-22 Program Cost	Change in Cost	% Change
Airport Liability	\$8,589.00	\$11,961.00	\$3,372.00	39%
Aviation	\$66,281.00	\$75,400.00	\$9,119.00	14%
Pollution Liability	\$25,999.00	\$25,999.00	\$0.00	0.0%
Ancillary Sub-Total	\$100,869.00	\$113,360.00	\$12,491.00	12.4%
Crime *New*	\$0.00	\$25,051.00	\$25,051.00	0.0%
Cyber Liability *New*	\$0.00	\$136,625.00	\$136,625.00	0.0%
Total Ancillary + New Total:	\$100,869.00	\$275,036.00	\$174,167.00	173%

Coverage	2020-2021 Expiring Cost	2021-22 Program Cost	Change in Cost	% Change
Workers Compensation	\$476,291.00	\$534,656.52	\$58,365.52	12.3%



RiversideCA.gov

7

POTENTIAL CHANGE #1 (PROPERTY)

POTENTIAL CHANGE	DETAILS OF CHANGE	PREMIUM IMPACT	PROS	CONS
Restructuring of Property Program-	The City is considering a coverage option where the City will no longer be a member in a property insurance program.	<ul style="list-style-type: none"> If the City remains in the APIP program, the City can expect to see a 45% increase in premium. If the City leaves the program, the City can expect to see a 30% reduction in premium. 	<ul style="list-style-type: none"> City will not share limits with other members and underwriting, rate, and premium calculation will depend on the City's own data and exposures instead of the performance of the program as a whole. 	<ul style="list-style-type: none"> City might lose cyber and pollution coverage options built into APIP's coverage form along with appraisals.



RiversideCA.gov

8

8

POTENTIAL CHANGE #2 (LIABILITY)

POTENTIAL CHANGE	DETAILS OF CHANGE	PREMIUM IMPACT	PROS	CONS
The City is considering a reinsurance option in lieu of standard excess policies.	Reinsurance is based upon a Memorandum of Coverage (MOC) written by the members and intended to be broader than a standard commercial insurance policy while allowing the City to maintain control over the claim handling decision process.	<ul style="list-style-type: none"> If the City renews with incumbent carriers, the City can expect a 20% increase in premium. If the City selects reinsurance, then the City can expect to see between a 35% to 40% increase in premium. 	<ul style="list-style-type: none"> Reinsurance option has relaxed 'hammer clauses' which will allow the City Attorney's Office to have more control over what claims to litigate. 	<ul style="list-style-type: none"> MOC might exclude perils that would be disadvantageous for the City.



9

RiversideCA.gov

9

SUMMARY OF NOT-TO-EXCEED PROJECTIONS

Coverage	2020-2021 Expiring Cost	2021-22 NTE	Change in Cost	% Change
Option 1- Renew all lines of coverage with incumbent carriers + New Crime and Cyber (No changes to existing Property + Liability Structure)	\$3,542,694.47	\$5,344,016.60	\$ 1,801,322.13	51%
Option 2- Renew with Stand-Alone Property + Municipal Insurance Cooperative (MIC) Reinsurance + New Crime and Cyber (Change both Property + Liability Structure)	\$3,542,694.47	\$4,404,892.18	\$862,197.71	24%
Option 3- Renew per expiring with Non-APIP Membership Property + New Crime and Cyber (Change only Property)	\$3,542,694.47	\$4,299,016.60	\$756,322.13	21%
Option 4- Renew per expiring + Municipal Insurance Cooperative (MIC) Reinsurance + New Crime and Cyber (Only Change Liability)	\$3,542,694.47	\$5,449,892.18	\$1,907,197.71	54%



10

RiversideCA.gov

10

RECOMMENDATIONS

That the City Council:

1. Approve the annual renewal of the City's various insurance policies negotiated through the City's Insurance Broker, Keenan & Associates, as outlined herein, for a one-year term beginning July 1, 2021, and ending June 30, 2022, for an amount not to exceed \$5,449,892.18; and
2. Authorize a 10% contingency of \$544,989.22 for potential changes and coverage enhancements for a total amount not to exceed \$5,994,881.40; and
3. Authorize the City Manager, or his designee, to execute all necessary documents submitted by Keenan & Associates to renew the City's various insurance policies, as outlined herein, for the total amount not to exceed \$5,994,881.40 including making minor and non-substantive changes to the insurance documents.



11

RiversideCA.gov