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Insurance Brokerage Relationships



HUB International Insurance Services

Insurance Program Consultants

- Risk Management and Insurance Administration
- Carrier/Program Marketing and Negotiations
- Placement of Stand Alone Insurance Policies

Alliant Insurance Services

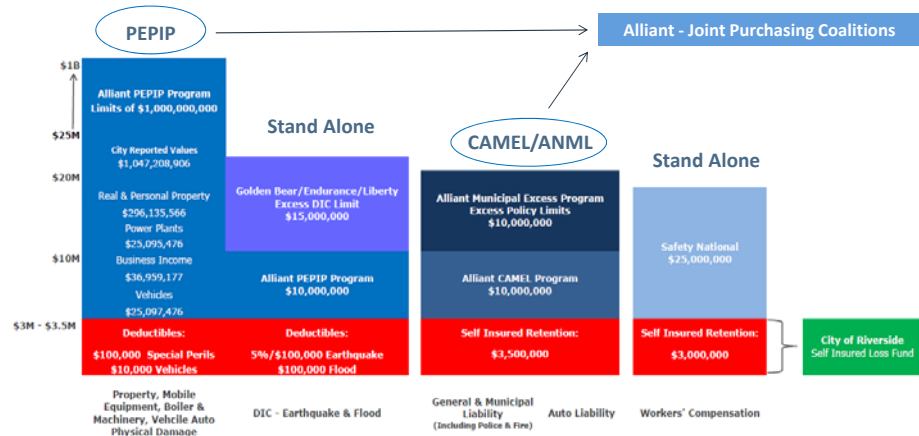
Program Administrators for Joint Purchasing Coalitions:

PEPIP - Public Entity Property Insurance Program

CAMEL – California Municipal Excess Liability Program

ANML - Alliant Municipal Excess Liability Program

Basics of the Current Insurance Program



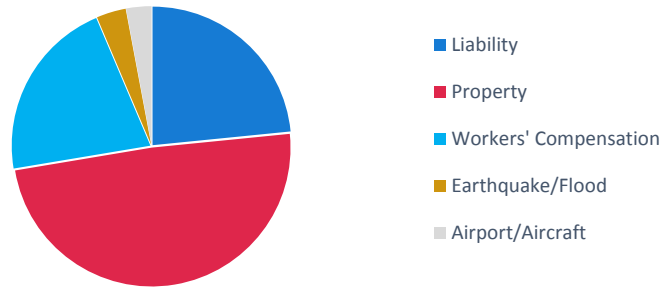
Historical Premiums & Distribution



Historical Annual Premiums

Policy Term	Annual Premium
2016-2017	\$2,039,769
2015-2016	\$2,043,201
2014-2015	\$1,869,384
2013-2014	\$1,833,104
2012-2013	\$1,626,123

Premium Distribution



Large Loss Summary



Policy Year	Description	2016 Total Incurred Loss
2011	POLICE SHOOTING	\$3,000,000
2011	PEDESTRAIN FATALITY	\$2,009,540
2009	TRAFFIC ACCIDENT	\$1,933,910
2006	DANGEROUS CONDITIONS - BODILY INJURY	\$1,678,089
2011	ALLEGED EMOTIONAL DISTRESS	\$1,519,164
2009	PEDESTRIAN FATALITY	\$1,137,600
2006	EMPLOYMENT REIMBURSEMENT - BODILY INJURY	\$1,102,341

Status of the Municipal Insurance Marketplace

Sample of July 2016 Renewals



Examples of Current Hardening of the Insurance Markets.....

Large City in Northern California

- Significant Loss Experience
- ANML Non-Renewal
- Secured an Alternative at 3X ANML

Risk Pool in Southern California

- 70% increase in premium
- Higher Retentions
- Consolidated Losses for the Group Increased \$4M Year Over Year.

Medium City in The Inland Empire

- No significant Loss Challenges
- Increase in Premium and Retention by ANML Carrier

Large City in Los Angeles Area

- 40% Increase in Premium w/Incumbent Carrier
- Increase in Retention from \$1M to \$3M
- Alternative Option Provided at \$1M retention with over 100% Increase in Premium
- Elected to Remain with incumbent at \$3M Retention.

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Sample of Local Municipality Risk Pooling Program



BICEP

BIG INDEPENDENT CITIES EXCESS POOL



Pooled Coverages

- Excess Workers' Compensation
- Property Insurance Program
- Special Event Insurance Program
- Vendor/Contractor Insurance Program
- Crime Insurance Program
- Pollution Insurance Program

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Risk Pooling Program Highlights



Highlights:

- Shared Limits of Insurance
- Shared Risk / Pooled Payment of Losses
- Pooled Services / Policy Procurement
- "Joint & Several" Liability Agreements

Advantages:

- Return of Premium/Reduction of Rates on Future Policies for Favorable Pooled Loss Experience
- Members with Poor Loss Experience Can Share Future Losses
- More Control During Hard/Soft Market Swings
- Early renewal pricing indications for Members

Disadvantages:

- Joint & Several Liability
- Subject to Future Assessments
- Shared Limits & Services
- "Bundled" Approach - Limits flexibility in plan designs
- Members with Good Loss Experience Pay for Members with Poor Loss Experience



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Current Joint Purchasing Program Highlights



PEPIP

Public Entity Property Insurance Program

CAMEL

California Municipal Excess Liability Program

ANML

Alliant Municipal Excess Liability Program

Program Highlights:

- Administered By Alliant Insurance
- Joint Purchasing Coalitions
- Multiple Insurers (i.e. 10-20+)
- Shared Layers of Insurance/Reinsurance
- July 1st Annual Renewals

Advantages:

- Group Purchasing Power
- Separate Policies
- Shared Insurance Marketing Efforts
- Unbundled Approach
- No Joint & Several Liability
- No Assessments

Disadvantages:

- Policy Forms and Endorsements are Generally Non-Negotiable
- Shared Catastrophic Loss Limits Across Policyholders
- Renewal Pricing is Procured in the Same Manner as Traditional Insurance. Generally not Available Until May/June of Each Year

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July 1, 2017 Renewal Timeline



January	February	March	April	May	June	July Renewal
<ul style="list-style-type: none"> • 1/4/17 Develop strategy, marketing plan, establish performance criteria, and assign tasks. • Set Date for Division Kick Off Meeting in February with all Division leaders. 	<ul style="list-style-type: none"> • Execute on renewal strategy. • Kick Off Meeting with City's division leaders. 	<ul style="list-style-type: none"> • 3/1/17 Applications Returned from Divisions. • 3/3/17 Applications Returned to HUB. • 3/17/17 Applications submitted to Insurance Markets. • 4/1/17 HUB to provide Budget (Not-to-Exceed) Estimates. 	<ul style="list-style-type: none"> • Evaluate options/direction of markets. Discuss preliminary negotiation based on your feedback. • Negotiate coverage terms/conditions. • 4/27/17 HUB to provide all carrier/risk pool options to the City. 	<ul style="list-style-type: none"> • 5/4/17 City to prepare Memo to Council • 5/11/17 Memo submitted to Council. 	<ul style="list-style-type: none"> • 6/12/17 City to present HUB proposal to Council. • 6/19/17 Bind Coverages. Prepare all certificates, auto ID cards, binders and other necessary documentation. 	<ul style="list-style-type: none"> • 7/1/17 Coverage Renewed. Post Renewal: Timely policy summaries, daily services and policy delivery. • Set new 6 month renewal strategy meeting for December/January 2018