COUNTY AGENDA REQUEST

Department:	Purchasing	Presenter(s):	Ted Burgess
Meeting Date:	Thursday, June 28, 2012	Type of Request:	New Business

Wording for the Agenda:

Consideration of staff's recommendation to purchase Fiscal Year 2013 property and casualty insurance from Travelers at $506,367.00, Sheriff's Office accidental death insurance from The Hartford at $2,035.00, volunteer firefighters' accident and sickness insurance from VFIS at $2,750.00, and Commissioners' travel accident insurance from The Hartford at $750.00, for a total of $511,902.00.

Background/History/Details:

Staff had been receiving indications for several months that property and casualty insurance premiums were experiencing upward pressure across the nation, and the county could expect significant cost increases for Fiscal Year 2013 - maybe as much as 25%. As the Purchasing Department looked for ways to minimize price increases, the two options available were (1) issue a request for proposals, or (2) choose a broker to negotiate on the county's behalf.

Due to the nature of the insurance industry, requests for proposals have not historically generated enough responses to create a truly competitive environment. At the Board's retreat in March, authorization was granted to retain a broker to negotiate Fiscal Year 2013 policies on behalf of the county. As a result, Public Risk Underwriters obtained premium quotes from three insurance carriers. The best quote came from Travelers for property and casualty insurance. Current carriers for Sheriff's Office accidental death insurance, volunteer firefighters' accident and sickness insurance, and Commissioners' travel accident insurance agreed to continue coverage at no increase in cost.

What action are you seeking from the Board of Commissioners?

Approval of staff's recommendation to purchase Fiscal Year 2013 property and casualty insurance from Travelers at $506,367.00, Sheriff's Office accidental death insurance from The Hartford at $2,035.00, volunteer firefighters accident and sickness insurance from VFIS at $2,750.00, and Commissioners' travel accident insurance from The Hartford at $750.00, total of $511,902.00, and to authorize the Chairman to sign any contracts or related documents contingent upon the County Attorney's review.

If this item requires funding, please describe:

Funds are included in the annual budget to purchase insurance.

Has this request been considered within the past two years?	No	If so, when?	
Is Audio-Visual Equipment Required for this Request?*	No	Backup Provided with Request?	Yes

**** All audio-visual material must be submitted to the County Clerk's Office no later than 48 hours prior to the meeting. It is also your department's responsibility to ensure all third-party audio-visual material is submitted at least 48 hours in advance.***

Approved by Finance	Yes	Reviewed by Legal	Yes
Approved by Purchasing	Yes	County Clerk's Approval	Yes
Administrator's Approval	Yes		

Staff Notes:

Fayette County GEORGIA

Where Quality Is A Lifestyle

To: Jack Krakeel

From: Ted L. Burgess

Date: June 15, 2012

Subject: Fiscal Year 2013 Property and Casualty Insurance

For the past several years, the county has acquired property and casualty insurance by issuing a request for proposals. However, due to the nature of the insurance industry, this process has not generated enough responses to assure a competitive pricing environment. The county received a maximum of two price quotes in any one year, and for Fiscal Year 2012 received only one quote.

Insurance industry professionals observed a number of months ago that prices were going up across the U.S. generally, and that the county should expect significant increases. They advised that we might expect premiums to rise in the neighborhood of 25%.

In March, the Board authorized the Purchasing Department to allow a broker to seek the best insurance value on the county's behalf. The county chose Public Risk Underwriters to provide this service for Fiscal Year 2013.

Public Risk Underwriters worked with six insurance carriers who insure local governments. Three of the carriers responded with quotes. A fourth carrier provided a quote for law enforcement liability only. The other two did not submit quotes. Of the three quotes received, Travelers provided the lowest one (Attachment 1).

In addition to property and casualty insurance, Public Risk Underwriters sought favorable premiums for Sheriff's Office employees accidental death and dismemberment insurance, volunteer firefighters accident and sickness insurance, and travel accident insurance for county commissioners while on official business. They obtained Fiscal Year 2013 coverage for these risks with no increase in price.

A comparison of premiums for the four types of insurance is as follows:

	Carrier	FY 2012	FY 2013	Inc
Property & Casualty Insurance	Travelers	$425,650.56	$506,367.00	18.9%
Sheriff's Office Accidental Death Insurance	The Hartford	2,035.00	2,035.00	---
Volunteer Firefighters Accident & Sickness	VFIS	2,750.00	2,750.00	---
Commissioners' Travel Accident Insurance	The Hartford	750.00	750.00	---
Total		$431,185.56	$511,902.00	18.7%

For details of the policy, including limits of liability and deductibles, please see Attachment 2.

Attachments (2)

Attachment 1

MARKETING EFFORTS
FOR THE CITY OF FAYETTE COUNTY BOC

CARRIER NAME	AM BEST RATING	CARRIER POSITION
Travelers Insurance Co.	A+ (Superior) XV	Quote Provided
C.N.A.	A (Excellent) XV	Quote provided for Law Only. Declined to quote other lines due to Dam, Landfill & Umbrella Exposure
American Alternative Ins. Corp.	A+ (Superior) XV	Indication Provided at $568,225. Public Officials, Employment Practices & Employee Benefits is limits are Shared.
OneBeacon	A (Excellent) VII	Indication provided for All Lines at $625,569. Cannot quote Umbrella for just Towers
Selective Insurance Co. of America	A+ (Superior) XII	Quote Not Provided due high Auto Claims and Dam Exposure. Cannot quote Umbrella for just the Towers.
BRIT w/Companion	A (Excellent) VIII	Quote Not Provided by Carrier

Financial Size Category by Class

I - Less than $1,000,000	IX - $250,000,000 to $500,000,000
II - $1,000,000 to $2,000,000	X - $500,000,000 to $750,000,000
III - $2,000,000 to $5,000,000	XI - $750,000,000 to $1,000,000,000
IV - $5,000,000 to 10,000,000	XII - $1,000,000,000 to $1,250,000,000
V - $10,000,000 to $25,000,000	XIII - $1,250,000,000 to $1,500,000,000
VI - 25,000,000 to $50,000,000	XIV - $1,500,000,000 to $2,000,000,000
VII - $50,000,000 to $100,000,000	XV - $2,000,000,000 or greater
VIII - $100,000,000 to $250,000,000	

Attachment 2

Fayette County Board of Commissioners
Premium Summary (2012-13)

COVERAGE	PROPOSED PREMIUM	CARRIER	PROPOSED LIMITS		PROPOSED DEDUCTIBLE
GENERAL LIABILITY		Travelers A+ XV	$2,000,000	Each Occurrence Limit/General Aggregate Limit	$25,000
Products & Completed Operations	Included	Travelers A+ XV	$2,000,000	Aggregate Limit	
Personal & Advertising Injury	Included	Travelers A+ XV	$2,000,000	Any One Person or Organization Limit	
Damage to Premises Rented to You Limit	Included	Travelers A+ XV	$100,000	Any One Premises Limit	
Georgia Bodily Injury Statutory Cap Limit	Included	Travelers A+ XV	$500,000/$700,000	Each Person/Total Limit	
Georgia Property Damage Statutory Cap Limit	Included	Travelers A+ XV	$50,000	Total Limit	
Emergency Medical Technicians	Included	Travelers A+ XV	$2,000,000	Each Occurrence	$25,000
Sexual Abuse or Molestation Offense	Included	Travelers A+ XV	$1000,000/$2,000,000	Each Person Limit/Total Limit	$25,000
EMPLOYEE BENEFITS LIABILITY	Included	Travelers A+ XV	$1,000,000/$3,000,000	Each Employee Limit/Aggregate Limit	$1,000
Retro Date: None - *Claims Made*					
AUTOMOBILE LIABILITY		Travelers A+ XV	$2,000,000	Any Auto Limit	$25,000
Uninsured/ Underinsured Motorist	Included	Travelers A+ XV	$75,000	Owned Autos Subject to a Compulsorty U/M Law	
Medical Payments	Included	Travelers A+ XV	$5,000	Owned Autos Only	
Total Number of Units	Included	Travelers A+ XV	**387 Units**	Includes Trailers	
AUTOMOBILE PHYSICAL DAMAGE		Travelers A+ XV	-		-
Comprehensive/Collision	Included	Travelers A+ XV	-	Actual Cash Value	$25,000/$25,000
CRIME			-		-
Employee Theft	Included	Travelers A+ XV	$750,000	Includes Faithful performance ofDuty	$1,000
Forgery or Alteration	Included	Travelers A+ XV	$100,000		$1,000
Inside Premises/ Outside Premises	Included	Travelers A+ XV	$100,000 / $100,000	Money & Securities	$1,000
Computer Fraud	Included	Travelers A+ XV	$750,000		$1,000
PROPERTY			-		
Blanket Building & Personal Property	Included	Travelers A+ XV	$161,647,604	90% Coinsurance / Replacement Cost	$25,000
Specified Location Basis (Functional RC)	Included	Travelers A+ XV	$2,427,200	90% Coinsurance / Functional Replacment Cost	$25,000
Equipment	Included	Travelers A+ XV	Included w/Bldg. & Personal Property	90% Coinsurance / Replacement Cost	$25,000
Lights and Fencing	Included	Travelers A+ XV	Included w/Bldg. & Personal Property	90% Coinsurance / Replacement Cost	$25,000
Flood and Earthquake	Included	Travelers A+ XV	$5,000,000/$5,000,000	Per Occurrence Limit/Aggregate Limit	$25,000
			-		
Radio Towers & Communications Equipment	Included	Travelers A+ XV	$877,101	Transmitting, Receiving & Head End Equipment	
Valuable Papers	Included	Travelers A+ XV	$3,650,000		$25,000
Contractors Equipment	Included	Travelers A+ XV	$4,856,351		$25,000
Computer Equipment	Included	Travelers A+ XV	$3,863,836		$25,000
Data Processing Data/Media	Included	Travelers A+ XV	$500,000		$25,000
Data Media Extra Expense Limit	Included	Travelers A+ XV	$150,000		$25,000
Miscellaneous Scheduled Property and Equipment	Included	Travelers A+ XV	$2,238,286		$25,000
EQUIPMENT BREAKDOWN		Travelers A+ XV	$164,074,804	Included in property limit	$25,000
Expediting Expense	Included	Travelers A+ XV	$250,000		
Pollution Clean-Up	Included	Travelers A+ XV	$250,000		
Spoilage	Included	Travelers A+ XV	$250,000		
LAW ENFORCEMENT LIABILITY	Included	C.N.A./Columbia Casualty	$2,000,000/$2,000,000	Each Wrongful Act Limit/Aggregate Limit	$25,000
National Sheriff's Association	Included	A XV	$10,000 / $25,000	Line of Duty Dealth Coverage for Law Officers / Sheriff	$0
Surplus Lines Taxes	Included				
PUBLIC ENTITY MANAGEMENT LIABILITY	Included	Travelers A+ XV	$2,000,000/$2,000,000	Each Wrongful Act Limit/Aggregate Limit	$25,000
Retro Date: 7/1/95 - *Claims Made*		Travelers A+ XV			
EMPLOYEE PRACTICES LIABILITY	Included	Travelers A+ XV	$2,000,000/$2,000,000	Each Wrongful Emp. Practice Offense Limit/Aggregate Limit	$25,000
Retro Date: 7/1/95 - *Claims Made*		Travelers A+ XV			
UMBRELLA LIABILITY	Included	Travelers A+ XV	$3,000,000$3,000,000	Per Occurrence/Aggregate (Applies Only to Radio Towers)	$10,000
Limit/Aggregate		Travelers A+ XV			
TOTAL PREMIUM Including TRIA	**$506,367.00**				

Public Risk Underwriters
Insurance Solutions for Public Entities