



WASHOE COUNTY

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CM/ACM	<u>CV</u>
Finance	<u>JB</u>
DA	<u>PL</u>
Risk Mgt	<u>N/A</u>
HR	<u>N/A</u>
Other	<u>CH</u>

STAFF REPORT

BOARD MEETING DATE: June 27, 2017

DATE: Wednesday, June 14, 2017

TO: Board of County Commissioners

FROM: Doreen Ertell, Risk Management Division
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THROUGH: Cathy Hill, Comptroller
328-2563, chill@washoecounty.us

SUBJECT: Recommendation to authorize the Comptroller to place the Excess Liability Insurance Policy with Peleus Insurance Company for [\$189,202] effective July 1, 2017 and authorize the Comptroller's Office to sign the applications and agreements necessary to bind coverage, with funding from the Risk Management Fund. (All Commission Districts)

SUMMARY

Seeking Board authorization to renew the policy for Excess Liability Insurance with Peleus Insurance Company, for a total premium of [\$189,202], which includes broker compensation. The policy is written on an annual term with an effective date of July 1, 2017.

Washoe County Strategic Objective supported by this item: Stewardship of Our Community.

PREVIOUS ACTION

On February 14, 2006 and annually thereafter, the Board has authorized renewal of the Excess Liability Insurance Policy with Insurance Company of the State of Pennsylvania for one-year terms.

On May 23, 2006, the Board approved the appointment of Acordia of Nevada, Inc., a wholly-owned subsidiary of Wells Fargo, as the broker of record for the County's property, liability and workers' compensation insurance programs. Wells Fargo subsequently changed the operating name from Acordia to Wells Fargo Insurance Services.

BACKGROUND

The Risk Management Division administers all liability claims filed against Washoe County, pursuant to Washoe County Code 65.020. Approved or settled losses, including judgments, are paid from the Risk Management Fund. To protect against large or

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catastrophic losses, the County purchases excess liability insurance to cover any loss exceeding a selected retention.

The County has been insured by Insurance Company of the State of Pennsylvania (part of AIG) since 2003. The current policy has a \$5,000,000 limit, excess of \$1,500,000 in retention (deductible), for a premium of \$164,456. The premium included terrorism risk insurance for a charge of 1%.

Wells Fargo Insurance marketed the coverage this year to several insurance companies and received the most competitive quote from Peleus Insurance Company. Peleus provides broad coverage including General Liability, Auto Liability, Employee Benefits Liability, Law Enforcement Liability, Public Officials (Errors & Omissions) Liability and Employment Practices Liability.

Peleus provides several coverage enhancements over the current insurance policy, including separate aggregate limits for Errors & Omissions Liability, Employment Practices liability and Law Enforcement Liability. Peleus also provides access to its Risk Control Services and Tools online for insured clients.

Peleus Insurance Company is part of Trident Public Risk Solutions (TPRS). TPRS is a specialized underwriting unit within Trident that provides products and services to large individual governmental entities and self-insured governmental pools. Using both traditional and creative approaches, TPRS aligns interests with its clients by targeting sophisticated accounts who participate in the risk bearing.

Trident is a wholly owned subsidiary of Argo Group International Holdings, Ltd., an international underwriter of specialty insurance and reinsurance products in the property and casualty market with a total capitalization of \$2 Billion. Argo Group's insurance subsidiaries are rated 'A' (Strong) by S&P and 'A' (Excellent) by AM Best.

The total annual cost, including broker compensation, was \$178,456 in 2016/17 and will be \$189,202 for the upcoming policy term of 2017/18 (AIG's quote with broker compensation for 2017/18 is \$191,529). The primary rating factors for this type of policy include population, employee count, vehicles and payroll, each of which trended up over last year's exposures.

Since 2012, the annual broker fee has remained flat at \$15,000. A broker fee will not be charged this year in addition to the premium since broker compensation is included in the quoted premium with the recommended insurance company. In addition to brokerage services, Wells Fargo Insurance also provides contract review of insurance requirements, claims advocacy and loss control services throughout the year.

FISCAL IMPACT

Sufficient budget authority for the renewal premium of [\$189,202] exists in cost center 195053 and account 710595.

RECOMMENDATION

It is recommended that the Board of County Commissioners authorize the Comptroller to place the Excess Liability Insurance Policy with Peleus Insurance Company for [\$189,202] effective July 1, 2017 and authorize the Comptroller's Office to sign the applications and agreements necessary to bind coverage, with funding from the Risk Management Fund.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be:

Move to authorize the Comptroller to renew the Excess Liability Insurance Policy with Peleus Insurance Company for [\$189,202] effective July 1, 2017 and authorize the Comptroller's Office to sign the applications and agreements necessary to bind coverage, with funding from the Risk Management Fund.