

City of Middleburg Heights, Ohio

LiabInsRes2022

Resolution Number 2022-82

Introduced By: Mr. Bortolotto, Mr. Meany and Mr. Grech

A RESOLUTION
AUTHORIZING THE MAYOR AND FINANCE DIRECTOR
TO ENTER INTO A CONTRACT WITH SELECTIVE INSURANCE
COMPANY AND TRAVELERS INSURANCE COMPANY
AND THE FEDELI GROUP
FOR THE CITY'S INSURANCE COVERAGES,
AND DECLARING AN EMERGENCY

WHEREAS, proposals were received by the City's insurance broker, The Fedeli Group, for the purchase of various insurance coverages for the City of Middleburg Heights for the period beginning October 30, 2022 through October 30, 2023, and;

WHEREAS, It is the recommendation of the City's Risk Manager that it is in the City's best interest to accept the proposal of Selective Insurance Company for all of the existing insurance coverage's, excluding Cyber Liability coverage which shall remain with Travelers Insurance Company, through The Fedeli Group for the period October 30, 2022 through October 30, 2023.

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MIDDLEBURG HEIGHTS, CUYAHOGA COUNTY, STATE OF OHIO;

Section 1. That the proposal of Selective Insurance Company, through The Fedeli Group for the period October 30, 2022 through October 30, 2023 for the following coverages in the amount of \$277,039 is hereby accepted:

- Property package, Boiler and Machinery, Automotive and Comprehensive General Liability Insurance, Public Officials, Comprehensive Law Enforcement Liability Insurance, EMS Liability, Crime, Earth Movement & Flood Coverage, Terrorism Property Coverage, Employees Legal Liability, Employment Practice Liability, Inland Marine, and Blanket, Catastrophic Excess Liability

Section 2. That the proposal of Travelers Insurance Company, through The Fedeli Group for the period October 30, 2022 through October 30, 2023 for Cyber Liability coverage in the amount of \$15,085 is hereby accepted:

Section 3. It is found and determined that all formal actions of this council concerning and relating to the passage of this ordinance were adopted in an open meeting of this council and that all deliberations of this council and any of its committees that resulted in such formal actions were in meetings open to the public in compliance with all legal requirements, including Section 121.22 of Ohio Revised Code.

Section 4. That this ordinance is declared to be a measure for the preservation of the public peace, health, and safety of the citizens of the City of Middleburg Heights, Ohio, the immediate emergency being the necessity of the continuation of insurance beyond October 30, 2022, therefore, this ordinance shall be in full force and effect immediately upon its passage and signature of the Mayor.

PASSED 10/11/22

David Bortolotto  
PRESIDENT OF COUNCIL

ATTEST M Meda

PRESENTED TO MAYOR 10/12/22

APPROVED ON 10-12-22

	YEAS	NAYS
BORTOLOTTO	<u>X</u>	_____
ALI	<u>X</u>	_____
SAGE	<u>X</u>	_____
MEANY	<u>X</u>	_____
MCGREGOR	<u>X</u>	_____
FERENCE	<u>X</u>	_____
GRECH	<u>X</u>	_____

Matthew Castelli  
MAYOR

I, Mary Ann Meda Clerk of the Council of the City of Middleburg Hts., Ohio, hereby certify that Res. 2022-82 adopted by the Council of the City of Middleburg Hts., on 10/11/22 was posted for a period of fifteen days, beginning 10/13/22 and remained so posted for fifteen days at the two posting places as designated by Charter.

Mary Ann Meda  
Clerk

**CERTIFICATE**

I, Mary Ann Meda Clerk of Council of the City of Middleburg Heights, Ohio, do hereby certify that the foregoing is a true and accurate copy of Res. 2022-82 passed on the 11<sup>th</sup> day of October 20 22 by said Council.

Mary Ann Meda  
Clerk of Council

Compensation Analysis, Inc.  
(216) 780-3605  
(216) 642-8830 Fax

P.O. Box 31014  
Cleveland, OH 44131

September 28, 2022

Jason Stewart  
Finance Director  
City of Middleburg Heights  
15700 Bagley Road  
Middleburg Heights, OH 44130

**Via: Electronic Mail**

Re: Recommendations for 2022-2023 City Insurance Program

Dear Jason:

This letter is a follow-up to our recent conversations regarding the City's upcoming insurance renewal on 10-31-22. We have been in contact with the City's agent the Fedeli Group and they in turn have been working on renewal with our incumbent and another insurance carrier.

### **Market Issues**

Before I review the numbers there are market issues we need to keep in mind. Even though our loss history in recent years has been good the market for public entities is hard and is being driven by three main factors:

1. **Inflation**-The cost of property insurance is on the rise as the cost of labor and materials continues to soar. You put into that mix supply chain uncertainties which adds to Extra Expense Coverage losses, and it has significantly increased underwriting in those areas.
2. **Cyber Crime Coverage**-The uncertainty of the effectiveness of loss control methods in this area has created a market where we are seeing increases of 30-300%. At this point there is no end in sight to the continued increase in pricing with this line of coverage.
3. **Police Professional Liability**-Large losses/verdicts in this area continue to concern underwriters whether you have had a loss or not.

*Public Entity Insurance*

*Consulting Services*

*Risk Management*

*Workers' Compensation*

*Unemployment Compensation*

**Renewal Information**

Fedeli sought a renewal quote from our current carrier the Travelers. Attached as Exhibit 1 is a spreadsheet overview of that quote. You will note that last year's premium was \$344,736. The renewal quote from Travelers is \$372,116 or a 9% increase.

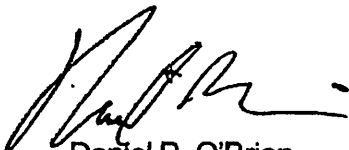
The better news is that Fedeli marketed the program to Selective Insurance Company. Attached as Exhibit 2 is a comparison between the Selective quote and last year's premium with the Travelers. You will see the Selective quote is \$292,124 an 18% decrease over last year's premium and an \$80,000 savings when compared to the Travelers quote for 2022-23 policy year.

As we discussed Selective has been a long-term player in public entity insurance but has not been all that active or aggressive in Ohio for some time. Selective is an A+ size XV carrier according to AM Best. There are a couple of issues that need to be addressed like adopting a formal Abuse and Molestation policy, but they are not overwhelming as it relates to the work that must be done by the City. Changing insurance carrier always carries with it soft costs. There is always an issue of both parties getting used to a new process with new players but again that is not an overwhelming issue. But given the premium differential it is worth changing carriers at this time.

**Recommendation**

I am recommending the city accept the Selective Quote. While stability is important the \$80,000 premium differential is too large to ignore. Let me know if you have any questions.

Very truly yours,



Daniel P. O'Brien  
President

*Public Entity Insurance*

*Consulting Services*

*Risk Management*

*Workers' Compensation*

*Unemployment Compensation*

**CITY OF MIDDLEBURG HTS.**

**2022/23 PREMIUM COMPARISON - TRAVELERS**

Coverage	Rating/Basis	2021/22			2022/23		
		Exposure	Rate	Premium	Exposure	Rate	Premium
Property	TIV	\$ 69,040,052	\$ 0.085	\$58,898	\$ 71,413,651	\$ 0.089	\$63,440
Crime	# of Locs	7	\$ 72.57	\$508	7	\$ 72.57	\$508
Inland Marine	TIV	\$ 2,726,332	\$ 0.614	\$16,742	\$ 1,142,057	\$ 0.662	\$7,564
Equipment-Replacement Cost	TIV	\$ 1,331,000	\$ 0.428	\$5,697	\$ 1,294,307	\$ 0.449	\$5,811
General Liability	Expenditures			\$26,992			\$35,163
Employee Benefits Liability	Flat			\$381			\$381
Ohio Stop Gap	Ohio Payroll	\$ 12,727,196	\$ 0.016	\$2,045	\$ 13,700,000	\$ 0.015	\$2,045
Law Enforcement Liability	Full Time Officers	34	\$ 1,583	\$53,815	32	\$ 1,646	\$52,672
Management Liability	Expenditures			\$34,024			\$38,954
Employment Practices Liability	FTE	187.5	\$ 255.90	\$47,981	200	\$ 252.81	\$50,561
Auto Liability	No. of Units	85	\$ 275.31	\$23,401	83	\$ 287.22	\$23,839
Auto Physical Damage	Cost New	\$ 6,932,998	\$ 0.343	\$23,773	\$ 6,819,983	\$ 0.368	\$25,131
Umbrella	U/L Premium	\$187,639	\$ 0.220	\$41,369	\$203,615	\$ 0.250	\$50,962
Cyber Liability	Revenue	\$ 33,400,918	\$ 0.273	\$9,110	\$ 33,865,862	\$ 0.445	\$15,085
<b>PROGRAM TOTAL</b>				<b>\$344,736</b>			<b>\$372,116</b>

**Various Notes**

Property TIV includes blanket building, business personal property, business income and traffic inventory

2021/22 Law Enforcement Premium doesn't Take Into Account 2 Newly Added Drones

**Options:**

Cyber Liability Deductible Options (Currently \$10,000 Retention)

1. \$25,000 Deductible, \$13,840 Annual Premium (Premium reduction of \$1,245)
2. \$50,000 Deductible, \$12,770 Annual Premium (Premium reduction of \$2,315)

**CITY OF MIDDLEBURG HTS.**

**2022/23 PREMIUM COMPARISON - SELECTIVE**

Coverage	Rating Basis	2021/22			Selective 2022/23		
		Exposure	Rate	Premium	Exposure	Rate	Premium
Property	TIV	\$ 69,040,052	\$ 0.085	\$58,898	\$ 68,309,278	\$ 0.085	\$58,279
Crime	# of Locs	7	\$ 72.57	\$508	34	\$ 23.97	\$815
Inland Marine	TIV	\$ 2,726,332	\$ 0.614	\$16,742	\$ 2,436,364	\$ 0.844	\$20,570
Equipment-Replacement Cost	TIV	\$ 1,331,000	\$ 0.428	\$5,697			Included
General Liability	Expenditures			\$26,992			\$23,000
Employee Benefits Liability	Flat			\$381	100+	Flat	\$312
Ohio Stop Gap	Ohio Payroll	\$ 12,727,196	\$ 0.016	\$2,045	\$ 13,700,000	\$ 0.051	\$6,987
Abuse				Included			\$2,457
Law Enforcement Liability	Full Time Officers	34	\$ 1,583	\$53,815	41	\$ 772	\$31,666
Management Liability	Expenditures			\$34,024			\$15,769
Employment Practices Liability	FTE	187.5	\$ 255.90	\$47,981			Included
Auto	No. of Units	85	\$ 275.31	\$23,401	92	\$ 705.67	\$64,922
Auto Physical Damage	Cost New	\$ 6,932,998	\$ 0.343	\$23,773			Included
Umbrella	U/L Premium	\$187,639	\$ 0.220	\$41,369	\$142,656	\$ 0.366	\$52,262
Cyber Liability	Revenue	\$ 33,400,918	\$ 0.273	\$9,110	\$ 33,865,862	\$ 0.445	\$15,085
<b>PROGRAM TOTAL</b>				<b>\$344,736</b>			<b>\$292,124</b>

**Various Notes**

Property TIV includes blanket building, business personal property, and traffic inventory

**Options:**

Cyber Liability Deductible Options(Currently \$10,000 Retention)

1. \$25,000 Deductible, \$13,840 Annual Premium (Premium reduction of \$1,245)
2. \$50,000 Deductible, \$12,770 Annual Premium (Premium reduction of \$2,315)