

Staff Report

for the Special Administrative Practices Committee May 20, 2020

TO: Administrative Practices Committee Members

FROM: Greg Jones, Assistant General Manager

DATE: 5/14/2020

SUBJECT: Alternative Insurance Package

ADMINISTRATION

RECOMMENDED ACTION:

Receive an update on an alternative insurance program and advance a recommendation to the Board of Directors.

BACKGROUND:

On May 5, 2020, members of this Committee received an overview of Arthur J. Gallagher & Company's work to date relating to an alternative insurance package for NID. Inclusive of Gallagher's presentation were preliminary findings on insurance programs and costs as they relate to the SDRMA 2020/2021 Program Year Projections and line-item coverage costs received to date from other carriers.

As of the writing of this staff report, NID has received SDRMA's Property/Liability Package Program and Workers Compensation Invoice. Gallagher continues to await quotes from carriers relating to individual policy coverage program lines as reflected in the attached YTD Coverage Cost Comparison by Line.

During the Committee meeting, Gallagher will bring the most up-to-date alternative insurance package costs to date, inclusive of line-item coverage terms and conditions.

BUDGETARY IMPACT:

Unknown (as of May 14, 2020)

ATTACHMENTS: Property/Liability Package Program Year Invoice

- SDRMA 2020/2021 Workers Compensation Program Year Invoice
- YTD Coverage Cost Comparison by Line Item

Nevada Irrigation District

YTD Coverage Cost Comparison by Line Item

Coverage program major lines	SDRMA 2020-2021 cost and features	Gallagher package 2020-2021 projected cost and features (YTD status)	Carriers Pending
Package program, which includes:	\$882,347	See a la carte indications received to date below:	
Property - Fire	Included	Pending	Zurich, AIG, Hartford Steam Boiler, AEGIS HDI, Allianz, London underwriters
Machinery Breakdown	Included	Pending	Zurich, AIG, Hartford Steam Boiler, AEGIS HDI, Allianz, London underwriters
General Liability	Included	\$640,000	Allied World has quoted, still pending AIG, MunichRe, AEGIS
Overhead Electrical	Not covered	Covered full \$10MM premium included	Allied World has quoted, still pending AIG, MunichRe, AEGIS
Wildfire	Not covered	Covered full \$10MM premium included	Allied World has quoted, still pending AIG, MunichRe, AEGIS
Inverse Condemnation	Limited	Covered full \$10MM premium included	Allied World has quoted, still pending AIG, MunichRe, AEGIS
Failure to Supply Water	Limited	Covered full \$10MM premium included	Allied World has quoted, still pending AIG, MunichRe, AEGIS
Pollution	Limited	Considering options	Allied World has quoted, still pending AIG, MunichRe, AEGIS
Crime	Included	Included	Allied World has quoted, still pending AIG, MunichRe, AEGIS
Mobile Equipment	Included	Pending	Allied World has quoted, still pending AIG, MunichRe, AEGIS
Cyber	Included	Included	Allied World has quoted, still pending AIG, MunichRe, AEGIS
Auto	Included	Included	Allied World has quoted, still pending AIG, MunichRe, AEGIS
Target Solutions	Included	Estimate \$20,000	
Excess Liability \$10MM x \$10MM, boiler	\$180,417	Pending, can use existing	Allied World, Markel
Workers Compensation	\$624,568	\$410,000	Zenith/JPRIMA, AIG, State Fund
Expected total	\$1,687,332	Key components not yet received	

Updated 5/14/2020



Property/Liability Package Program Invoice

Program Year 2020-21

Nevada Irrigation District

1036 West Main Street
Grass Valley, California 95945

Invoice Date: 05/12/2020
Invoice Number: 68093
Member Number: 7358

Property, Boiler/Machinery, Pollution, Cyber <i>Coverage for 212 reported item(s) valued at (including contents): \$222,330,461</i>	\$536,576.78
Mobile/Contractors Equipment <i>Coverage for 78 reported item(s) valued at: \$5,033,437</i>	78,056.88
General Liability*, Errors & Omissions, Employee & Public Officials Dishonesty <i>Certificates: 31 Non-Member Certificate(s)</i>	417,930.40
Auto Liability (includes \$50 charge for non-owned auto coverage) <i>Coverage for 213 reported item(s) valued at: \$8,529,521</i>	171,437.05
Auto Comp / Collision <i>Coverage for 213 reported item(s) valued at: \$8,529,521</i>	229,758.97
Trailers <i>Coverage for 36 reported item(s) valued at: \$448,605</i>	8,281.93
Special Coverages <i>Outside Policies: Excess Liability - \$11M</i> <i>Endorsements: Boiler Machinery Endorsement, Dam Failure Liability, Special Deductibles</i>	180,417.08

Gross Package Contribution	\$1,622,459.09
Earned CIP Credits (8)	-37,008.52
Longevity Distribution Credit	0.00
MemberPlus Online RQ Bonus	0.00
Other Discounts	-466,751.51
Subtotal	\$1,118,699.06
5% Multi-Program Discount	-\$55,934.95

Total Contribution Amount Due by July 15 **\$1,062,764.11**

**Current Limit of Liability is \$10M for G/L, A/L and E&O (excluding outside excess liability limits)*

Please pay in full by the due date. If not, a late charge of one percent (1%) per month, twelve percent (12%) per annum, will be assessed on all sums past due. Imposition of this charge does not extend the due date for payment.

Please return GREEN COPY with your payment. For invoice questions call the SDRMA Finance Department.



Workers' Compensation Program Invoice



Program Year 2020-21

Nevada Irrigation District

1036 West Main Street
Grass Valley, California 95945

Invoice Date: 05/12/2020
Invoice Number: 68552
Member Number: 7358

Class Code	Classification Description	Reported Payroll	Rate per \$100	Annual Contribution
0050	Orchard Work	\$410,255	\$8.58	\$35,199.88
0251	Irrigation, Drainage or Reclamation Works Operations	\$5,669,272	\$6.60	\$374,171.95
3724	Electrical Repair; Mechanic Supervisor	\$76,274	\$5.65	\$4,309.48
7520	Waterworks Operations	\$2,805,187	\$5.46	\$153,163.21
7539	Electric Light or Power Operations	\$2,775,936	\$2.87	\$79,669.36
8389	Heavy Equipment; Truck Mechanic	\$173,230	\$5.94	\$10,289.86
8742-D	Paid Governing Body Members	\$75,000	\$0.63	\$472.50
8742-M	8742-M - Salespersons-Outside	\$421,138	\$0.63	\$2,653.17
8810	Clerical/Office Employees	\$4,243,157	\$0.55	\$23,337.36
9048	Camps - Recreational or Educational	\$571,262	\$7.37	\$42,102.01

** Indicates per capita rate class code

Total Estimated Annual Contribution Based on Manual Rates	\$725,368.79
Contribution as Adjusted by the Experience Modification Factor of 103%	\$747,129.85
Less: *10% Credit Incentive Program Discount	-74,712.99
Estimated Annual Adjusted Contribution	<u>\$672,416.86</u>
Less: Longevity Distribution Credit	-14,977.00
Less: 5% Multi-Program Discount	-32,871.99
Net Estimated Annual Contribution	<u>\$624,567.87</u>

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\$624,567.87

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