

KENTUCKY MUNICIPAL ENERGY AGENCY

Public Officials Liability Insurance Bid #2016-1

Memorandum

To: Ronald W. Herd, Chairman
From: Terrance P. Naulty, II, Treasurer
Jason Alban, Manager of Treasury, OMU
Date: March 18, 2016

Subject: Bid Recommendation: Public Officials Liability (POL) Insurance – Bid #2016-1

Competitive Sealed Bid with proposals from insurance brokers/agents.

Primary Insurance coverage requested for proposals, with option for Employment Practices Liability (EPL).


Please see attached Bid Tabulation Sheet.

KYMEA initiated a competitive bid process commencing on February 1, 2016, with formal bids ultimately received on March 1, 2016. Assigned markets and bid specifications were sent to 6 potential bidders after a *Letter of Interest* was issued to the 7 broker/agent participants and/or direct insurance writers that had expressed interest in proposing coverage for POL/EPL under OMU's comprehensive P&C Insurance bid already underway. This resulted in the same 15 unique insurance markets requested for this line. Subsequently, 4 sealed bids were received for the opening.

Evaluation of proposals revealed the most competitive (and comprehensive) bid from Roeding Group Companies, as agent for Kentucky League of Cities Insurance Services (KLCIS). Not only did they propose POL coverage with EPL, they did so in conjunction with General Liability (GL) coverage, and at the lowest cost for requested limits. In addition, they offered the most optionality for limits/deductibles, and additional coverages as stated, but also \$1M Data Breach and Privacy Liability (Cyber) coverage for no additional premium, \$1M Non-owned/Hired Business Auto Liability coverage for \$155.00 additional premium, and \$25k/\$50k Crime/Employee Dishonesty for \$627.15.

Therefore, pursuant to KRS 45A.365(2), it is recommended to award the POL Insurance at the limits/deductibles listed below, including proposed coverages, for a total premium of \$7,922.15 (plus any applicable taxes/surcharges), to Roeding/KLCIS, who is evaluated to most adequately meet the needs of KyMEA, now and into the future:

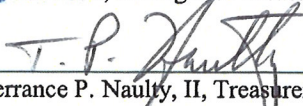
- POL/EPL/GL (\$7,140.00): \$10M Limit; \$10k Ded. POL/EPL; \$0k Ded. GL
- Cyber & Auto Liab. (\$155.00): \$1M Limit Each; \$5k Ded. Cyber; \$0k Ded. Auto Liability
- Crime Coverage (\$627.15): \$50k Limit Employee Dishonesty; \$25k Limit Crime; \$100-\$250 Ded.



Jason Alban, Manager of Treasury, OMU

3/18/16

Date



Terrance P. Naulty, II, Treasurer

3/18/16

Date

Recommended for Approval:

Ronald W. Herd, Chairman

Date

| PUBLIC OFFICIALS LIABILITY COVERAGE (INCLUDING EMPLOYMENT PRACTICES LIABILITY) | ROEDING GROUP (KENTUCKY LEAGUE OF CITIES) | | WORTHAM (AIG) | | USI (ACE) | |
|---|---|--|---|--------------------------------------|--------------------------------|--------------------------------------|
| PUBLIC OFFICIALS | LIMITS OF LIABILITY | DEDUCTIBLE/SIR APPLICABLE | LIMITS OF LIABILITY | DEDUCTIBLE/SIR APPLICABLE | LIMITS OF LIABILITY | DEDUCTIBLE/SIR APPLICABLE |
| Each Claim Limit | Option 1: \$2M Option 2: \$5M Option 3: \$10M | Option 1: \$0, \$5k, \$10k Option 2: \$0, \$5k, \$10k Option 3: \$0, \$5k, \$10k | \$1M | \$25,000 | \$2M | \$25,000 |
| Annual Aggregate | N/A Unlimited | | \$1M | | \$2M | \$25,000 |
| EMPLOYMENT PRACTICES | LIMITS OF LIABILITY | DEDUCTIBLE/SIR APPLICABLE | LIMITS OF LIABILITY | DEDUCTIBLE/SIR APPLICABLE | LIMITS OF LIABILITY | DEDUCTIBLE/SIR APPLICABLE |
| Each Claim Limit | Included | (per above) | \$1M | \$25,000 | \$2M | \$25,000 |
| Annual Aggregate | N/A Unlimited | | \$1M | | \$2M | \$25,000 |
| TERMS AND CONDITIONS | RESPONSES | | RESPONSES | | RESPONSES | |
| Coverage for all Elected and Appointed Officials, Department Heads and all Employees and Volunteers | Yes | | Yes | | Included | |
| Carrier adjust all such claims as if there were no deductible and bill the entity for reimbursement after settlement and payment of claim | Yes | | No | | Included | |
| Deductible shall apply once to all claims arising out of one occurrence | Yes | | Yes | | Cannot provide | |
| Coverage on a primary basis | Yes | | No for D&O, Yes for EPL | | Yes | |
| Occurrence Form | Yes | | No | | No | |
| Claims Made Form | No - Occurrence Form | | Yes | | Yes | |
| Full Prior Acts Coverage | No - Effective Date 4/1/16 | | Yes | | Yes | |
| Retroactive Date | N/A | | No | | Yes | |
| Pending/Prior Litigation Date | N/A | | Inception | | Yes | |
| Extended Reporting or Discovery Period of at least 12 months | N/A | | Yes | | | |
| Please state calculation to determine premium for this feature | N/A | | TBD at time of election | | 12 Months at 100% premium | |
| "Two-Way" Notice | N/A | | Yes | | Included | |
| Additional Premium (not to exceed 100%) | N/A | | TBD at time of election | | No | |
| Acts committed to protect life or property or in the pursuit of official duties | Yes | | See policy definition of wrongful act | | Included | |
| Insured versus Insured claims covered? | Yes with restrictions, Exclusion 13 | | Yes, Only Entity Vs. Insured Exclusion | | Not Provided | |
| Service performed under a mutual-aid/assistance agreement | Yes | | No professional service exclusion on policy | | Included | |
| Incidents related to employment | Yes | | Yes | | Included | |
| Building, Fire and Zoning Code Inspectors | Yes | | Yes as part of the definition of employee | | Included | |
| Attorney, architect, engineer, accountant or other professional who is an entity employee | Yes | | Yes as part of the definition of employee | | Included | |
| Pay on behalf of basis | Yes | | Yes | | Included | |
| Defense costs outside of policy limits and deductible | Yes | | No | | Yes | |
| Allow the right of decision on the use of sovereign immunity to be KYMEA's | Yes | | Not Prohibited | | No | |
| Pollution coverage for sudden and accidental occurrences | No - Included under GL coverage | | No | | No | |
| Include defense for injunctive or declaratory relief type claims. Please state sublimit, if any. | Yes | | Yes | | Included | |
| Include strikes, riots, or civil commotion | Yes | | No | | Excluded | |

| PUBLIC OFFICIALS LIABILITY COVERAGE (INCLUDING EMPLOYMENT PRACTICES LIABILITY) | ROEDING GROUP (KENTUCKY LEAGUE OF CITIES) | WORTHAM (AIG) | USI (ACE) |
|---|---|--|-----------------------------|
| Duty to Defend | Yes | No, Insureds Shall Defend | Yes |
| Defense Costs for allegations of fraud, dishonesty, criminal acts. | Yes | Yes | Excluded |
| Sexual abuse/molestation | Yes | No | Included |
| Prevailing party's legal expenses | Yes | Yes, If Part of settlement | No |
| Punitive or exemplary damages if allowed by law | Yes | Yes | Not Excluded |
| Hiring, firing, discrimination, alleged civil rights violations | Yes | Yes | Yes |
| Officials and employees serving on outside boards at KyMEA's request | No - See bid exceptions | Yes | Yes |
| Zoning disputes | Yes | No Exclusion | Yes |
| Use of eminent domain | No - see exceptions | No Exclusion | Excluded |
| Personal injury | No - Included under GL coverage | No | Yes |
| Failure or omission to effect and maintain insurance | No - See bid exceptions | No Exclusion | Can be endorsed to included |
| Third Party Coverage | No - See bid exceptions | Yes | Yes |
| RECAP | RESPONSES | RESPONSES | RESPONSES |
| Insurance Company A.M. Best Rating | No AM Best Rating for KLCIS *See Below* Excess Carrier Ratings: Great American Insurance Company A+XIII Markel (Evanston Insurance Company): AgXIV | A | A++ |
| If quoting through a pool or self-insured group, have you included the latest financial information available? | Yes | N/A | N/A |
| Specimen policy and endorsements included? | Yes | Yes | Included |
| Have you included the mandatory wording for the following: | | | |
| • Broad Form Named Insured | No - See definition include in bid | See policy definition of organization and subsidiary. | Included |
| • Notice of Cancellation and Nonrenewal (90 days) | Yes | Only can be cancelled for non-payment | May be endorsed to 90 days |
| • Unintentional Errors and Omissions | Yes | No professional services exclusion in policy | Included |
| • Knowledge of Occurrence | Yes | ASAP, after RM or GC First Becomes Aware of claim | Included |
| • Notice of Occurrence (Loss) | Yes | Claims made and reported but in no event later than 90 days | Included |
| LIMITS/DEDUCTIBLE OPTIONS | PREMIUM | PREMIUM | PREMIUM |
| • \$2,000,000 - \$10,000 Spec POL | GL: \$2,272.00 POL/EPLI: \$3,408.00 Total: \$5,680.00 | | Did Not Quote |
| • \$2,000,000 - \$10,000 Spec EPL Optional Add | Included | | Did Not Quote |
| • \$5,000,000 - \$10,000 or ____ Opt POL | GL: \$2,655.00 POL/EPLI: \$3,982.00 Total: \$6,637.00 | | Did Not Quote |
| • \$5,000,000 - \$10,000 or ____ Opt EPL Optional Add | Included | | Did Not Quote |
| • \$10,000,000 - \$10,000 or ____ Opt POL | GL: \$2,856.00 POL/EPLI: \$4,284.00 Total: \$7,140.00 | | Did Not Quote |
| • \$10,000,000 - \$10,000 or ____ Opt EPL Optional Add | Included | | Did Not Quote |

| PUBLIC OFFICIALS LIABILITY COVERAGE (INCLUDING EMPLOYMENT PRACTICES LIABILITY) | ROEDING GROUP (KENTUCKY LEAGUE OF CITIES) | WORTHAM (AIG) | USI (ACE) | |
|---|---|--|---|--|
| • \$25,000 sublimit for crisis management event | No coverage under POL | Yes, included at \$100,000 limit | Included | |
| • \$100,000 defense sublimit for claims arising from breach of contract | No coverage under POL | N/A | Included | |
| • \$250,000 defense sublimit for claims arising from property issues – (eminent domain, inverse condemnation), in addition to non-monetary claims | No coverage under POL | N/A | Did Not Quote | |
| Total Annual Premium for both Public Official Liability and Employment Practices Liability | Additional Options for POL/EPLI & GL included: \$2,000,000 - 0- deductible - Total Premium: \$8,680.00 \$2,000,000 - \$5,000- deductible - Total Premium: \$7,180.00 \$5,000,000 - 0- deductible - Total Premium: \$9,637.00 \$5,000,000 - \$5,000- deductible - Total Premium: \$8,137.00 \$10,000,000 - 0- deductible - Total Premium: \$10,140.00 \$10,000,000 - \$5,000- deductible - Total Premium: \$8,640.00 | \$1,000,000 separate limit D&O - \$25,000 retention Ky Surcharge \$155 \$1,000,000 separate limit EPLI - \$25,000 retention KY Tax \$481 D&O only premium: \$5,606 KY Surcharge \$101 | Public Official Liability & EPLI: \$2,000,000/ \$25,000 Public Officials Only: \$2,000,000/ \$25,000 | Premium: \$15,009.00 Tax: \$863.02 Surcharge: \$270.16 TOTAL: \$16,142.18 Premium: \$10,164.00 Tax: \$584.43 Surcharge: \$182.95 TOTAL: \$10,931.38 |
| REMARKS | Yes, including: Req't that GL coverage must be purchased to secure POL/EPLI. All GL quotes have a 0- deductible. Non-owned Bus. Auto Liab (\$1M limits) can be added to all pricing scenarios for additional \$155.00. Crime/Employee Dishonesty \$50k/\$25k limits can be added to all pricing scenarios for additional \$627.15. Cyber (\$1M limits) automatically included in all pricing scenarios for no additional premium. | No | No | |
| EXCEPTIONS | Yes, including "No Third Party coverage (exception for endorsements)" | No | Yes | |

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| PUBLIC OFFICIALS LIABILITY COVERAGE (INCLUDING EMPLOYMENT PRACTICES LIABILITY) | Public Entities of America (Western World) |
|---|---|

| PUBLIC OFFICIALS | LIMITS OF LIABILITY | DEDUCTIBLE/SIR APPLICABLE |
|---|--------------------------------|--------------------------------------|
| Each Claim Limit | | |
| Annual Aggregate | \$1M | \$5K |
| EMPLOYMENT PRACTICES | LIMITS OF LIABILITY | DEDUCTIBLE/SIR APPLICABLE |
| Each Claim Limit | | |
| Annual Aggregate | | |
| TERMS AND CONDITIONS | RESPONSES | |
| Coverage for all Elected and Appointed Officials, Department Heads and all Employees and Volunteers | | |
| Carrier adjust all such claims as if there were no deductible and bill the entity for reimbursement after settlement and payment of claim | | |
| Deductible shall apply once to all claims arising out of one occurrence | | |
| Coverage on a primary basis | | |
| Occurrence Form | | |
| Claims Made Form | | |
| Full Prior Acts Coverage | | |
| Retroactive Date | | |
| Pending/Prior Litigation Date | | |
| Extended Reporting or Discovery Period of at least 12 months | | |
| Please state calculation to determine premium for this feature | | |
| "Two-Way" Notice | | |
| Additional Premium (not to exceed 100%) | | |
| Acts committed to protect life or property or in the pursuit of official duties | | |
| Insured versus Insured claims covered? | | |
| Service performed under a mutual-aid/assistance agreement | | |
| Incidents related to employment | | |
| Building, Fire and Zoning Code Inspectors | | |
| Attorney, architect, engineer, accountant or other professional who is an entity employee | | |
| Pay on behalf of basis | | |
| Defense costs outside of policy limits and deductible | | |
| Allow the right of decision on the use of sovereign immunity to be KYMEA's | | |
| Pollution coverage for sudden and accidental occurrences | | |
| Include defense for injunctive or declaratory relief type claims. Please state sublimit, if any. | | |
| Include strikes, riots, or civil commotion | | |

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| PUBLIC OFFICIALS LIABILITY COVERAGE (INCLUDING EMPLOYMENT PRACTICES LIABILITY) | Public Entities of America (Western World) |
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|--|--|
| Duty to Defend | |
| Defense Costs for allegations of fraud, dishonesty, criminal acts. | |
| Sexual abuse/molestation | |
| Prevailing party's legal expenses | |
| Punitive or exemplary damages if allowed by law | |
| Hiring, firing, discrimination, alleged civil rights violations | |
| Officials and employees serving on outside boards at KYMEA's request | |
| Zoning disputes | |
| Use of eminent domain | |
| Personal injury | |
| Failure or omission to effect and maintain insurance | |
| Third Party Coverage | |

| RECAP | RESPONSES |
|--|-------------|
| Insurance Company A.M. Best Rating | A Excellent |
| If quoting through a pool or self-insured group, have you included the latest financial information available? | |
| Specimen policy and endorsements included? | |
| Have you included the mandatory wording for the following: | |
| • Broad Form Named Insured | |
| • Notice of Cancellation and Nonrenewal (90 days) | |
| • Unintentional Errors and Omissions | |
| • Knowledge of Occurrence | |
| • Notice of Occurrence (Loss) | |

| LIMITS/DEDUCTIBLE OPTIONS | PREMIUM |
|---|---------|
| • \$2,000,000 - \$10,000 Spec POL | |
| • \$2,000,000 - \$10,000 Spec EPL Optional Add | |
| • \$5,000,000 - \$10,000 or _____ Opt POL | |
| • \$5,000,000 - \$10,000 or _____ Opt EPL Optional Add | |
| • \$10,000,000 - \$10,000 or _____ Opt POL | |
| • \$10,000,000 - \$10,000 or _____ Opt EPL Optional Add | |

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|---|---|
| PUBLIC OFFICIALS LIABILITY COVERAGE (INCLUDING EMPLOYMENT PRACTICES LIABILITY) | Public Entities of America (Western World) |
| <ul style="list-style-type: none"> • \$25,000 sublimit for crisis management event • \$100,000 defense sublimit for claims arising from breach of contract • \$250,000 defense sublimit for claims arising from property issues – (eminent domain, inverse condemnation), in addition to non-monetary claims | |
| Total Annual Premium for both Public Official Liability and Employment Practices Liability | Admitted D&O <u>\$4,639.00</u> Total Premium <u>\$4,639.00</u> |
| REMARKS | DEL102 (07/14) Crisis Mgmt End: Limit \$25k |
| EXCEPTIONS | No |