

The information provided here is for informational and educational purposes and current as of the date of publication. The information is not a substitute for legal advice. Consult your attorney for advice concerning specific situations.



## How to Manage Rising Municipal Insurance Cost

July 18, 2024



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## How are property/liability premiums determined?

1. Exposures
  - For example:
    - Value of property
    - # of vehicles
    - # of officers
    - Payroll
2. Loss experience
3. Global factors



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## Exposures



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### How are property/liability premiums determined?

- Value of property
  - Example:
    - City Hall Replacement Cost Value \$10,000,000
- Vehicles
  - # of vehicles
  - Type of vehicle (police, sanitation, fire truck, etc.)




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### How are property/liability premiums determined?

- Liability
  - General liability
  - Public officials
  - Law enforcement liability




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### How are property/liability premiums determined?

- Takeaway
  - Carefully review the annual renewal application
  - Review building & contents, inland marine and auto schedules annually
  - Ask your insurer if properties are appraised




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**Law Enforcement Liability**

- Bodily injury and property damage
  - False arrest
  - Excessive use of force
  - Wrongful death




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**Public Officials Liability**

- Allegations against public officials
- Land use disputes
- Allegations of inappropriate employment practices




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**Auto**




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- Common loss types
  - Insured hit vehicle
  - Improper backing
  - Failed to yield right of way
  - Hit stationary object
  - Rear-ended other vehicle




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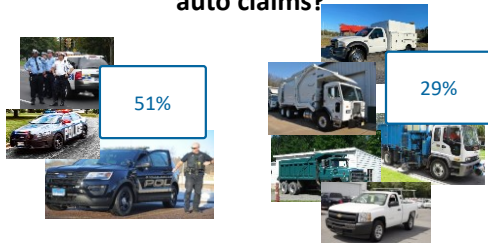
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### What departments are driving auto claims?




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### 10 Steps

Crash/Collision Prevention

- Regulatory Compliance
- Driver Training/Communication
- Safe Driver Reward Program
- Accountability system
- Vehicle selection/maintenance/inspection policies
- Report and Investigate all motor vehicle incidents
- Conduct Motor Vehicle Record Checks
- Driver pledges or agreements
- Written policies and procedures
- Commitment and get employee involvement




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### Written Policies

- Vehicle safety policy
  - Seat belts
  - Cell phone use/distracted driving
  - Vehicle inspection
  - Accountability/disciplinary process
- Reviewed by legal
- Communicated to employees




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### Driver Training

- Proactive Training
  - Driver training for new hires
  - Annual driver training for employees
  - National Safety Council - Defensive Driving
  - LocalGovU – eLearning
- Remedial Training
  - After preventable loss




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### Property




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- Property
  - Buildings, structures
  - Contents
- Inland Marine
  - Mobile Equipment
  - Signs
  - Fences




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### Crime




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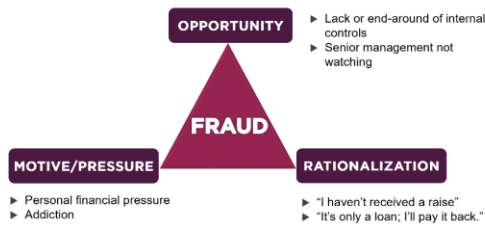
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## How are premiums determined?

1. Exposure basis
  - For example:
    - Value of property
    - # of vehicles
    - # of officers
    - Payroll
2. Loss experience
3. Global factors




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## Global Impacts - Property




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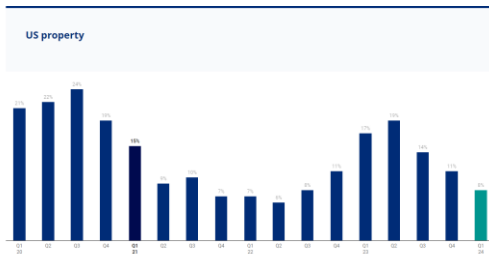
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## 2020 – Early 2024 Property Rates




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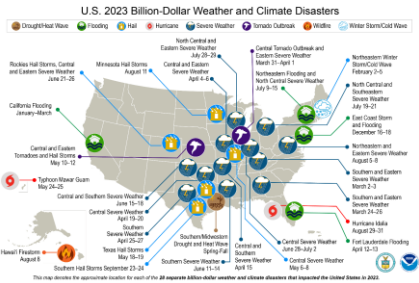
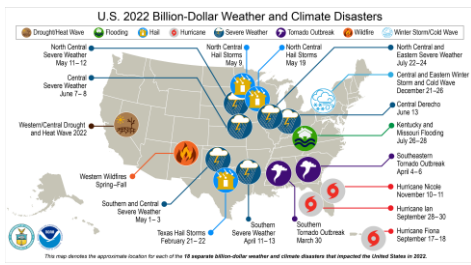
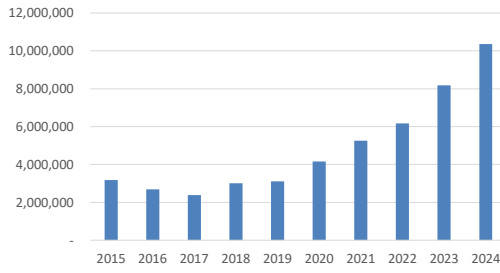
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### SCMIRF – Property Reinsurance Expense









## Mitigating Global Factors

- Back to basics...
  - Property
    - Appraisals: data and valuations are key
  - Liability
    - Maintenance
    - Policies and procedures
    - Training



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## Questions?



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