



AGENDA ITEM ANALYSIS

Project/Issue Name: 25-R-21 A Resolution of the City Council Authorizing an Agreement with Midwest Public Risk for Property and Liability Insurance for Fiscal Year 2025-2026.

Submitted By: Bob Ford, Chief Financial Officer

Date: June 3, 2025

Issue Statement

Authorization for Chief Financial Officer, Robert J. Ford to enter into an agreement with Midwest Public Risk to provide Property and Liability Insurance for the period July 1, 2025 through June 30, 2025.

Discussion and/or Analysis

Midwest Public Risk ("MPR") is the current underwriter for the City of Republic's ("City") property and liability insurance coverage, brokered through Higginbotham Insurance. MPR is:

- Not an insurance company under the traditional definition, but rather a State authorized insurance pool for municipalities.
- Authorized under Missouri State Statute Section 537.620 which allows for political subdivisions to jointly create an entity to provide insurance, where the entity created is not deemed an insurance company or insurer and where such entities are exempted from competitive bidding as per the Statute.

An increase in catastrophic insurance claims across industries over the past few years continues to drive insurance costs up significantly. The City is not immune to this impact and received a renewal invoice for continued coverage for the term July 1, 2025, through June 30, 2026, which included a year over year premium increase of \$122,380 or 29.3%. A Coverage/Cost Comparison of FY 2023, FY 2024 and FY 2025 is provided below.

<u>Property</u>	2023 - 2024		2024 - 2025		2025-2026	
	Coverage	Cost	Coverage	Cost	Incremental Coverage	Incremental Cost
Buildings	\$59,935,939	\$140,919	\$90,359,552	\$182,636	\$100,990,043	\$213,439
All other property	\$17,438,712	\$41,001	\$18,337,692	\$37,064	\$9,643,591	\$99,590
TOTAL Property	\$77,374,651	\$181,920	\$108,697,243	\$219,700	\$31,322,592	\$313,029
<u>Employee Liability</u>						
TOTAL Employee	\$8,754,520	\$146,512	\$11,032,374	\$198,602	\$11,153,365	\$227,653
GRAND TOTAL		\$328,432		\$418,302		\$540,682



Premium increase highlights:

- Property insurance for 2025-2026 increased 42.5% over 2024-2025, due to the increased insured values for the City's buildings insured at a higher cost per \$1 of insured value.
 - As a reminder, in summer 2023, MPR engaged a commercial appraiser to update appraisals on our buildings.
 - Insured values are driven by the cost to rebuild at today's cost of labor & materials, not the fair market value of the property.
- Liability insurance for 2025-2026 increased 14.6% over 2024-2025 due to a slight increase in payroll, coupled with higher costs per insured employee.
- When compared to FY 2025 Budget, the MPR premium represents an unbudgeted shortfall of \$22,317, which we will include in the upcoming Budget Amendment.

Insurance - MPR

Beginning	Ending	Invoice Amount
July 1, 2022	June 30, 2023	\$270,184
July 1, 2023	June 30, 2024	\$328,432
July 1, 2024	June 30, 2025	\$418,302
July 1, 2025	June 30, 2026	\$540,682

	2023	2024	2025	2026
January	\$22,515	\$27,369	\$34,859	\$45,057
February	\$22,515	\$27,369	\$34,859	\$45,057
March	\$22,515	\$27,369	\$34,859	\$45,057
April	\$22,515	\$27,369	\$34,859	\$45,057
May	\$22,515	\$27,369	\$34,859	\$45,057
June	\$22,515	\$27,369	\$34,859	\$45,057
July	\$27,369	\$34,859	\$45,057	\$51,815
August	\$27,369	\$34,859	\$45,057	\$51,815
September	\$27,369	\$34,859	\$45,057	\$51,815
October	\$27,369	\$34,859	\$45,057	\$51,815
November	\$27,369	\$34,859	\$45,057	\$51,815
December	\$27,369	\$34,859	\$45,057	\$51,815
TOTAL	\$299,308	\$373,367	\$479,492	\$581,233

Budget

\$457,175

Variance

(\$22,317)

Recommended Action

Staff recommends approval of the renewal with MPR as the property and liability underwriter for this upcoming renewal period (July 1, 2025 – June 30, 2026).