



## AGENDA ITEM ANALYSIS

Project/Issue Name: 24-R-23 A Resolution of the City Council Authorizing the City Administrator to Enter into an Agreement with Midwest Public Risk for Property and Liability Insurance for Fiscal Year 2024-2025.

Submitted By: Bob Ford, Finance Director

Date: May 21, 2024

### Issue Statement

Authorization for City Administrator, David Cameron to enter into an agreement with Midwest Public Risk for Property and Liability Insurance for the period July 1, 2024 through June 30, 2025.

### Discussion and/or Analysis

Midwest Public Risk (“MPR”) is the current underwriter for the City of Republic’s (the “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.

The City received a renewal invoice for continued coverage for the term July 1, 2024 through June 30, 2025, which included a year over year premium increase of \$89,870 or 27.4%. A Coverage/Cost Comparison of FY 2023 versus FY 2024 is provided below.

<u>Property</u>	FY 2023		FY 2024		FY 2024 vs FY 2023	
	Coverage	Cost	Coverage	Cost	Incremental Coverage	Incremental Cost
Buildings	\$59,935,93	\$140,919	\$90,359,552	\$182,636	\$30,423,61	\$41,717
Contents	9	\$10,134	\$4,917,603	\$9,939	3	(\$195)
Electronics	\$4,310,140	\$1,510	\$799,303	\$1,616	\$607,463	\$106
Vehicles	\$642,227	\$15,732	\$7,205,088	\$14,563	\$157,076	(\$1,169)
Equipment	\$6,691,139	\$9,357	\$3,617,767	\$7,312	\$513,949	(\$2,045)
Other Property	\$3,979,776	\$4,268	\$1,797,930	\$3,634	(\$362,009)	(\$634)
	\$1,815,430				(\$17,500)	
<b>TOTAL  </b>	<b>\$77,374,65</b>		<b>\$108,697,24</b>		<b>\$31,322,59</b>	
<b>Property</b>	<b>1</b>	<b>\$181,920</b>	<b>3</b>	<b>\$219,700</b>	<b>2</b>	<b>\$37,780</b>

### Employee



Liability

<b>TOTAL  </b>						
<b>Employee</b>	<b>\$8,754,520</b>	<b>\$146,512</b>	<b>\$11,032,374</b>	<b>\$198,602</b>	<b>\$2,277,854</b>	<b>\$52,090</b>

<b>GRAND TOTAL</b>	<b>\$328,432</b>	<b>\$418,302</b>	<b>\$89,870</b>
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**Premium increase highlights:**

- Forty-two percent of the year over year premium increase is due entirely to increased insured values for the City’s buildings.
  - 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.
  - The increase in insured values is a direct result of those updated appraisals.
- Fifty-eight percent due to increased payroll, driven by an increase in the number of employees and the average base salary per employee.
- When compared to FY 2024 Budget, the MPR premium represents an unbudgeted shortfall of \$33,143. However, the City has expense savings in other budgeted categories that will offset this incremental premium expense.
- Furthermore, the shortfall will be updated in our upcoming Budget Amendment.

**Annual Premium Comparison**

<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>2024</b>	
\$222,641	\$239,339	\$255,529	\$270,184	\$328,432	\$418,302	
% Increase	7.5%	6.8%	5.7%	21.6%	27.4%	

**Recommended Action**

- Staff recommends approval of the renewal with MPR as the property and liability underwriter for this upcoming renewal period (July 1, 2024 – June 30, 2025).
- Additionally, staff recommends that the City bid the insurance coverage for FY 2025 (July 1, 2025 through June 30 2026). City staff will begin that process in January 2026.