

Hi Pauline-

Per our committee meeting this afternoon, I have attached the renewal summary showing the comparison from last year to this year using all the incumbent carriers. It is the committee's recommendation to renew with OneBeacon (liability coverage) & Chubb (property coverage), which represents approximately a 7.8% (decrease) from last year's pricing and this also takes into account anywhere from a 3% to 6% increase in renewal exposures depending on the line of coverage.

The second attachment is a summary of the quotes that were obtained this year. As we discussed in our meeting today, renewing with OneBeacon & Chubb is our recommendation. Some of the reasons why are outlined below:

- The savings to move the liability coverage from OneBeacon to Travelers is \$24,942, which represents 1.7% of your renewal offer from the incumbent carriers. Unless there was a reason to move (i.e. unsatisfactory claim handling, significant coverage differences), then you would not look to move an account the size of the City for that amount of savings. Continuity is extremely important in some of the City's coverage lines, and switching carriers can potentially open you up to uncovered claims.
- OneBeacon has offered a 3 year **rate** guarantee. Unless your claims experience generates a loss ratio in excess of 50% in any of the subsequent policy terms, OneBeacon will honor the renewal rate structure. Premium will adjust up or down accordingly with the renewal exposures, but the rate will be locked in for the next 3 years, aside from the loss development clause mentioned above.
- The savings to move the property coverage from Chubb to Travelers is \$47,989. Though this represents a 10% premium savings over Chubb's renewal pricing. As we discussed, there are significant coverage differences between the 2 quotes, the chief being the difference in how the wind & hail deductible is applied:
  - The City's current coverage with Chubb includes a deductible of 1/2% of the building value for loss caused by wind & hail per building (subject to a minimum of \$50,000). The City's current coverage also includes an aggregate deductible provision that caps all deductibles in any single wind & hail event at \$500,000. The City's known deductible exposure for wind & hail in any given occurrence is \$500,000. The option from Travelers would raise the City's wind & hail deductible to 1% of the building value (subject to a minimum of \$100,000), but lacks any kind of aggregate provision. Therefore there is no known max deductible for wind & hail. Due to the magnitude and number of hail claims that the City has incurred in the past 5 years, we would have incurred substantially more than \$500,000 in deductibles for each storm event. This would have far outweighed the premium tradeoff we would have received.

Should any committee or councilmembers have any questions or concerns, please do not hesitate to contact us!

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