

**CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
SEPTEMBER 17, 2024 AGENDA**

Subject:	Type:	Submitted By:
INSURANCE BROKER AGREEMENT – ADDENDUM FIVE	◆ RESOLUTION ORDINANCE RECEIVE/FILE	PAM BUETHE CITY CLERK

SYNOPSIS

A resolution has been prepared approving Addendum Five to the agreement with FNIC (The Harry A. Koch Co.) to extend the term for insurance agency/broker services for property, casualty, liability, and workers compensation insurance coverages to September 30, 2025.

FISCAL IMPACT

The FY25/FY26 Biennial Budget provides funding for these services.

RECOMMENDATION

Approval.

BACKGROUND

In June of 2019 the Council approved a one-year agreement with The Harry A. Koch Company for insurance agency/broker services with the option to renew annually.

The agreement provides for an annual broker fee to be paid to FNIC, which is split pro rata among the Cities in the Insurance Service Group (ISG) which are party to the Agreement. La Vista's pro rata share has been \$26,903. Although other cities have withdrawn from the group, there has been no increase to La Vista's share.

Addendum Five will extend the agreement with FNIC to September 30, 2025.

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA, APPROVING ADDENDUM FIVE TO THE AGREEMENT WITH FIRST INSURANCE GROUP LLC DBA FNIC TO EXTEND THE EXPIRATION DATE OF THE INSURANCE BROKER SERVICES AGREEMENT THROUGH SEPTEMBER 30, 2025.

WHEREAS, The City of La Vista and FNIC entered into an Agreement dated June 5, 2019 ("Agreement"); and

WHEREAS, the original term of the Agreement was for October 1, 2019 through September 30, 2020 and an addendum has been approved each year to continue service; and

WHEREAS, The City of La Vista and FNIC wish to execute Addendum Five to extend the expiration date of the Agreement to September 30, 2025

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and City Council of the City of La Vista, Nebraska, hereby approves Addendum Five to the agreement with FNIC to extend the expiration date of the Agreement to September 30, 2025 and authorizes the Mayor to execute said addendum.

PASSED AND APPROVED THIS 17TH DAY OF NOVEMBER 2024.

CITY OF LA VISTA

Douglas Kindig, Mayor

ATTEST:

Pamela A. Buethe, MMC
City Clerk

ADDENDUM FIVE TO
AGREEMENT FOR INSURANCE AGENCY/BROKER SERVICES

This Addendum 5 ("Addendum Five") is entered into this ____ day of _____, 2024, by and between the City of La Vista, Nebraska (hereinafter referred to as "City") and First Insurance Group LLC d/b/a FNIC (formerly The Harry A. Koch Company, hereinafter referred to as "Broker").

WHEREAS, City and Broker entered into an Agreement dated June 5, 2019 ("Agreement"), which is attached hereto and incorporated herein as Exhibit A; and

WHEREAS, the term of the Agreement was for October 1, 2019, through September 30, 2020; and

WHEREAS, City and Broker modified the initial term to begin on or about July 12, 2019, and

WHEREAS, City and Broker entered into Addendum Two in order to extend the term of the Agreement to September 30, 2022, as allowed by Article 1 of the attached Agreement, and to ratify the Agreement to be effective from July 12, 2019, through the present

WHEREAS, City and Broker entered into Addendum Three on September 20, 2022, in order to extend the term of the Agreement to September 30, 2023; and

WHEREAS, City and Broker wish to enter into Addendum Four in order to extend the term of the Agreement to September 30, 2024. All other terms and conditions of the Agreement shall remain in full force and effect.

NOW THEREFORE, in consideration of the promises contained herein, the parties hereto agree to extend the term of the Agreement to September 30, 2025, and to ratify the Agreement to be effective from July 12, 2019 through the present

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City:

City of LA VISTA, NEBRASKA,
A Nebraska Municipal Corporation

Douglas Kindig, Mayor

Attest:

Pamela A. Buethe, MMC, City Clerk

(S E A L)

BROKER:

By: _____

Its: _____

STATE OF NEBRASKA)
) ss
COUNTY OF _____)

On _____, 2024, before me, Notary, personally appeared _____ personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity on behalf of First Insurance Group LLC d/b/a FNIC and that by his/her signature on the instrument executed the instrument.

WITNESS my hand and official seal.

Notary Public

CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
SEPTEMBER 17, 2024 AGENDA

Subject:	Type:	Submitted By:
INSURANCE RENEWAL – PROPERTY, LIABILITY AND WORKERS COMPENSATION	RESOLUTION ORDINANCE ◆ RECEIVE/FILE	PAM BUETHE CITY CLERK

SYNOPSIS

A renewal has been negotiated for the property, liability and workers' compensation insurance program offered by Travelers at an annual premium cost of \$740,326.

FISCAL IMPACT

The FY25/FY26 Biennial Budget provides funding for property, liability and workers' compensation insurance premiums.

RECOMMENDATION

Receive and File

BACKGROUND

The City has had its property, liability and workers compensation insurance coverage with Traveler's since 2014. Each year our broker, FNIC., works with us at renewal time to review coverage limits, deductibles, rates, etc. Over the years we have received very reasonable rate increases without significant changes in the plan from Travelers and consequently have continued our relationship with them.

Travelers has pushed the wind/hail deductible from 2% to 3% of the value of damaged property subject to a \$250,000 minimum but continues to be the only carrier to offer coverage that will cover the full schedule of values. Another carrier did reach out, but the value was limited from wind and hail which would have meant that we needed to layer additional carriers making coverage more expensive than staying with Travelers. Increases were made in deductibles for Law Enforcement, Public Management and employment practices liability giving us savings in those premiums.

There are still no other carriers that offer the Municipal Sales Tax Revenue coverage the City has with Travelers. This coverage would replace sales tax revenues up to \$1.9 million in the event a natural disaster left The Embassy Suites and/or Marriott hotels without revenue for a period of time. It was determined this revenue protection coverage is an important component of our insurance package that needs to be maintained

The increase in premium of 8% is reasonable and falls within our budgeted number. We have received excellent service from Travelers over the years and have good working relationships with their representatives. Coverages will continue to be reviewed with our broker each year to ensure the best coverage possible for the City at the best premiums.



September 6, 2024

Pam Buethe
City Clerk
City of LaVista
8116 Park View Blvd
LaVista, NE 68128

Re: City of LaVista 10/1/2024-25 Property and Casualty Insurance Renewal

Dear Pam,

Enclosed is a summary of premiums for the property casualty insurance renewal for the City of La Vista effective 10/1/2024. Year over year premiums are up 8%. Nearly 75% of the total increase in premiums is the result of increases in the insured values and premiums for the property coverage. All other lines of coverage saw much smaller increases or in some cases decreases in cost year over year.

Another year of severe and frequent convective storm activity continues to put tremendous pressure on the property insurance market. In our immediate area, we experienced two catastrophic hail events in the span of two weeks and also saw destructive tornados and inland hurricane force winds blow more than once in the summer months. Unfortunately, these storms continue to shrink the players willing to offer terms for property on municipalities that have a high concentration of property values in one place. Travelers is the only carrier that continues to offer coverage that will cover the full schedule of values. We did hear from one other carrier that would offer only \$25M in limits for wind and hail coverage. Obviously \$25M is not adequate and trying to layer additional carriers on top would be much more expensive than the single carrier option from Travelers. Recognizing the increasing storm activity, Travelers has also pushed up the wind/hail deductible to 3% of the value of damaged property subject to a \$250,000 minimum. Currently that deductible is 2% with the same minimum.

Standing in contrast to the relatively unpleasant news for property, was an improving picture for workers' compensation. The experience modification factor for the city dropped from 1.09 to 1.01. A great indicator of the good work and effort the various departments in the city are putting into control loss, promote safety, and get employees back to work. This nice decrease in the experience mod resulted in an overall 5% rate reduction for the workers' compensation line. The premium for WC is about the same year over year but that is the result of a higher exposure base (higher payrolls) and not a rate increase.



Another topic that continues to catch a lot of headlines and industry attention is cyber insurance and cybersecurity. In the continuation of a trend that began with last year's renewal, cyber insurance markets remain stable and competitive. It seems almost contradictory to the ever-increasing news of security breaches, ransomware and social engineering fraud events taking place. We may have hit a "leveling off" point in terms of the pricing for cyber insurance is keeping up with losses. Time will only tell if that is the case. We can only hope that perhaps the same will happen soon in the property market as well. Years of rate increases, and deductible changes are beginning to turn the results for carriers. If we can see a more tranquil year weather wise, then I do expect a more stable environment and perhaps a few more players coming back into the market in 2025.

Thanks again for your continued trust and confidence in your team at FNIC.

Best Regards,

Mark Frantz ARM, CIC, CRM
First Vice President
402-861-7010 | mark.frantz@fnicgroup.com

Jeff Scanlan, CPCU, AFIS
Senior Vice President
402-861-7136 | jeff.scanlan@fnicgroup.com

The City of La Vista
Premium Summary



COVERAGE	Annualized Expiring	RENEWAL	
	2023-2024	2024-2025	Difference
PROPERTY*	\$152,406	\$205,615	34.9%
INLAND MARINE	\$8,858	\$9,212	4.0%
GENERAL LIABILITY / EMPLOYEE BENEFIT LIABILITY	\$45,603	\$48,879	7.2%
LAW ENFORCEMENT LIABILITY	\$47,488	\$40,986	-13.7%
PUBLIC ENTITY MANAGEMENT LIABILITY	\$11,029	\$9,139	-17.1%
EMPLOYMENT PRACTICES LIABILITY	\$8,235	\$7,863	-4.5%
CRIME - ERISA BOND (8/5/2024-2025)	\$1,855	\$1,855	0.0%
AUTOMOBILE	\$89,607	\$98,602	10.0%
UMBRELLA	\$28,957	\$31,042	7.2%
WORKERS' COMPENSATION	\$241,299	\$238,956	-1.0%
CYBER /CRIME	\$22,940	\$21,274	-7.3%
FNIC Fee**	\$26,903	\$26,903	0.0%
ANNUAL PREMIUM	\$685,180	\$740,326	8.0%