





42 WHEREAS, The difference in the cost of insurance between AMLJIA and APEI is  
43 minimal; and

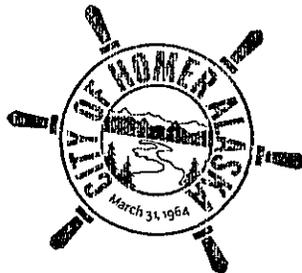
44  
45 WHEREAS, AMLJIA has an excellent track record with the City for expeditiously and  
46 professionally handling claims and protecting the interests of the City of Homer.  
47

48 NOW, THEREFORE, BE IT RESOLVED that the Homer City Council authorizes the City  
49 Manager to enter into a three-year contract with AMLJIA and execute the appropriate  
50 documents.  
51

52 BE IT FURTHER RESOLVED that if AMLJIA is able to provide comparable marina  
53 coverage by June 30, 2017 at the same price or below USI Northwest, the marine coverage  
54 contract can be transferred to AMLJIA without triggering the exit clause of the contract for an  
55 increase over 10%.  
56

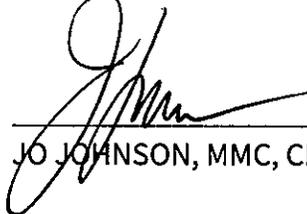
57 PASSED AND ADOPTED by the Homer City Council this 13<sup>th</sup> day of June, 2016.  
58

59 CITY OF HOMER



Mary E. Wythe  
MARY E. WYTHE, MAYOR

65 ATTEST:

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67  
68  
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JO JOHNSON, MMC, CITY CLERK

70  
71 Fiscal Note: Insurance costs \$396,487 for 2016/2017 and not to exceed 10% for 2017/2018 and  
72 2018/2019.  
73





# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

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## Memorandum 16-105

TO: Mayor Wythe and Homer City Council  
FROM: Katie Koester, City Manager  
DATE: June 8, 2016  
SUBJECT: Resolution 16-073 recommending AMLJIA for insurance coverage

Insurance coverage with Alaska Municipal League Joint Insurance Association (AMLJIA) expires at the end of this month. This year the City solicited bids from the only other municipal insurer in Alaska, Alaska Public Entity Insurance (APEI) in addition to AMLJIA. Both organizations operate in a similar manner: they are not-for-profit insurance membership organizations that operate under Alaska Statutes 21.76 that insure public entities.

Attached you will find the quotes from each organization. I also requested each organization to analyze the major differences in their policies. These are summarized below.

	AMLJIA	APEI
Cost (with 3 year agreement)	\$396,487 + \$35,000 Separate Marina policy (\$431,487 total insurance cost to COH)	\$416,371
Coverage	Higher limits for uninsured motorist and property, full replacement value for all property damage, lower deductible for police protection, offers pollution liability	In general, lower limits of insurance, property is insured at full replacement if appraised, 125% of listed value if not appraised
Reputation	Great history with COH	Professional. Good reputation among municipalities

Chief Robl, Finance Director Li and myself met to deliberate on the quotes and provide a recommendation to Council. As you can see from the attached quotes, analysis, and above chart, AMJIA offers generally a higher level of coverage. Because APEI is able to offer marina coverage as part of its policy, there is a savings of \$15,116 if the City were to go with APEI. However, the increased level of coverage for property and uninsured motorist more than justifies this difference in cost. Additionally, the City of Homer has had excellent coverage with AMLJIA. Not only do they provide quick and efficient response when called upon and excellent training and support, but they fight to protect the reputation of the City. An example of this is the Airport Shooting case. In general, AMLJIA has a reputation of being more likely to fight wrongful accusations in the courts than settle, which has worked out in the City's favor. AMLJIA also has a number of

programs the city has taken advantage of in the past including professional consulting and loss control programs.

Our contract with AMLJIA is for three years, with an out clause if the total cost of coverage increases by more than 10%. However, AMLJIA has committed to approaching their re-insurer about including marina insurance. If they are able to offer us marina coverage, we would no longer have to purchase a separate policy, but our rates at AMLJIA would increase by more than 10% to cover the difference. The Resolution allows the renewal rate to increase by more than 10%, but only by the cost of the separate marina policy and only if it the coverage is comparable. My main concern is the bottom line for insurance at the City of Homer, though there is value in having to deal only with one provider that we have a solid track record with. I am hopeful that AMLJIA will be able to renegotiate with their provider and offer the City this coverage in the future.

Though my recommendation is to continue with AMLJIA, we are fortunate to have two municipal insurance providers to choose from in this state that and I am confident that either firm would do an excellent job insuring the City of Homer. APEI is a long established public insurer in Alaska with over 66 members including our neighbors Soldotna and Kenai. Though I have no direct experience working with APEI, they were very professional and comprehensive in their presentations and every municipality staff reached out to had positive things to say about APEI.

This process has been beneficial for the City and resulted in significant savings: FY16 budget for insurance is \$641,372. AMLJIA's quote plus the separate policy for marina coverage results in an annual savings of \$209,000. We will realize half of the savings in this fiscal year with contract renewal in July.

APEI		AMLJIA		Difference	
Limit of Insurance	Coverage Limit Applies	Limit of Insurance	Coverage Limit Applies		
\$200,000,000	Per Occurrence	\$1,000,000,000	Per Occurrence	\$800,000,000	AMLJIA Higher Property Limit
\$75,000,000	Annual Aggregate	\$50,000,000	EQ Annual Aggregate	\$25,000,000	AMLJIA Lower EQ Limit
\$75,000,000	Annual Aggregate	\$175,000,000	Flood Annual Aggregate	\$100,000,000	AMLJIA Higher Flood Limit
\$200,000,000	Per Occurrence	\$100,000,000	Per Occurrence	\$100,000,000	AMLJIA Lower Limit
\$15,500,000	Per Occurrence	\$15,000,000	Per Occurrence	\$500,000	AMLJIA Lower Limit
\$10,000	Deductible	\$5,000	Deductible	\$5,000	AMLJIA Lower Deductible per Loss
\$50,000	Limit	\$25,000	Limit	\$25,000	AMLJIA Lower Limit
\$15,500,000	Per Occurrence	\$15,000,000	Per Occurrence	\$500,000	AMLJIA Lower Limit
\$250,000	Per Occurrence	\$1,000,000	Per Occurrence	\$750,000	AMLJIA Higher Limit
\$1,000,000	Per Occurrence	\$2,500,000	Per Occurrence	\$1,500,000	AMLJIA Higher Limit
\$1,000,000	Per Occurrence	\$500,000	Per Occurrence	\$500,000	AMLJIA Lower Limit
\$2,500	Ded. Per Occurrence	\$1,000	Ded. Per Occurrence	\$1,500	AMLJIA Lower Deductible per Loss
		\$2,000,000	Claims Made and Reported		Not offered by APEI

ily, and are subject to terms and policy.



## COVERAGE DIFFERENCES

### General Liability

Both Plans are very similar in coverage.

Major Difference: APEI policy has removed the Watercraft Exclusion which makes it unnecessary to carry a separate Liability policy for the Marina. This would reduce insurance cost by \$35,000 and increased Marina Coverage from \$1,000,000 to \$15,500,000.

### Police Professional Liability

#### APEI

Premium is included in General Liability Premium  
\$10,000 Deductible

#### AML-JIA

Separate charge for coverage  
\$5,000 Deductible

### Workers Compensation

Both Plans are very similar in coverage.

NOTE: APEI extends Jones Act coverage to the harbor employees that would normally be covered under the Marina Policy.

### Auto

Deductibles are for comprehensive & collision coverage. Neither program has a deductible for Liability

#### APEI

\$5,000 deductible on all vehicles with physical damage coverage  
We could lower deductible to \$1,000 with minimal premium variation

#### AML-JIA

\$500 to \$25,000 deductible depending on vehicle value

### Property

Basic Property Coverage is the same

#### APEI

\$100,000 Deductible  
Program limit for Earthquake & Flood is \$75,000,000  
\$100,000 Flat Deductible for Earthquake & Flood

#### AML-JIA

\$100,000 Deductible – A few lower valued properties have a lower deductible  
Program limit for Earthquake is \$50,000,000 & \$175,000,000  
2% Deductible with a minimum of \$100,000 for Earthquake & \$250,000 for Flood



**Mobile Equipment**

No Substantial Differences

**Crime**

**APEI**

\$1,000,000 Limit  
\$2,500 Deductible

**AML-JIA**

\$500,000 Limit  
\$1,000 Deductible

**Cyber Liability**

No Substantial Differences

**Member Dividends**

APEI pays member dividend each year. City of Homer will be eligible for a dividend this year. They are usually between 7% and 10% of annual premium.

**Loss Control Credits**

**APEI**

Quote applied \$31,500 in Loss Control Credits  
We will be able to get increased credits as we work with the city on Loss Control Procedures and Documentation

**AML-JIA**

Renewal quote applied \$25,000

**TOTAL PREMIUM**

	<b>APEI</b>	<b>AML-JIA</b>
<b>Municipality Program</b>	<b>\$414,115</b>	<b>\$396,487</b>
<b>Marina Liability</b>	<i>Included</i>	<b>\$35,000</b>
<b>TOTAL</b>	<b>\$416,371</b>	<b>\$431,487</b>

