

## AGENDA ITEM # IV.

# UTAH COUNTIES INDEMNITY POOL

## Five County Association of Governments

### Summary of Membership Benefits

UCIP was asked to provide this summary of the benefits of membership in the Utah Counties Indemnity Pool interlocal agency to the Five County AOG Steering Committee members to provide additional information on the benefits of UCIP membership for Five County AOG.

Throughout the information provided in this packet references are made to coverage and service that exceeds that which Five County AOG has had prior to joining UCIP. When comparing cost it is important to recognize the additional cost that Five County AOG would have in addition to premium costs to supplement other options to make them “apples to apples”. As a UCIP member Five County AOG saves the expense of the following services that they have not had in the past, or paid separately for:

- Liability limits without aggregates so no umbrella or excess policies are needed;
- Cyber Liability;
- Crime coverage to cover bond requirements;
- Certified building appraisals;
- Legal consultation through UCIP Legal Hotlines;
- Membership in Utah Safety Council; and
- On-line training for employees.

A benefit of UCIP membership which is difficult to put a value on is the fact that when members need UCIP most (after sustaining a loss) they work directly with UCIP employees, rather than contracted out of state claims adjusters. If members have any issues with UCIP staff on a claim, whether it involves the level of coverage provided or settlement of claims, they can bring their issue to the UCIP Litigation Management Committee, a group of member county attorneys, to have their issue considered by peer members.

Analyzing and comparing insurance, self-insurance and other alternative risk management options is very complex, even for experienced professionals. This summary focuses on the primary areas of concern for an entity like Five County AOG when deciding how to best protect its assets, and compares the protection now provided to Five County AOG to the protection prior to joining UCIP. **We believe the three most important areas of consideration should be Protection of Assets, Stability of Cost and Risk Management Services.**

## **AGENDA ITEM # IV. (Continued)**

### **Protection of Assets**

The primary purpose of purchasing insurance or participating in an alternative insurance program is to protect your entity's assets. While cost and services are important secondary considerations, if the policy or program does not adequately protect your entity, it should not be acceptable at any price or with any "bells and whistles". When considering how well you are protecting your entity's assets, UCIP believes you should focus on three primary issues:

- 1. Liability Limits;**
- 2. Liability Coverages; and**
- 3. Protection of Property Assets.**

#### **Limits without Aggregates**

As of January 1, 2016, as a UCIP member, Five County AOG has protection for liability claims of \$3,000,000 Per Occurrence Limit with NO Annual Aggregate. This means that Five County AOG can have an unlimited number of \$3,000,000 claims filed against it in a year, and not run out of protection. Based on documentation provided by Five County staff, Five County previously had a liability policy with limits of \$2,000,000 per occurrence with a \$2,000,000 annual aggregate. Under that policy, once the total for all claims that occurred in a policy period equaled \$2,000,000, Five County had no protection for any additional amounts or claims. Considering the state tort cap, which limits the amount a governmental entity can be sued for, has exceeded \$2,000,000 since 2007, Five County AOG has not had adequate limits to pay even one claim against it. The current tort cap is \$2,407,700, so now Five County AOG has adequate limits to pay each claim filed against it, without concern for multiple claims eroding the limit. Even having a \$5,000,000 per occurrence policy with an annual aggregate would not protect Five County from multiple claims as well as UCIP's member liability limits do. Claims in federal court can exceed the state tort cap, so many UCIP members choose to have \$5,000,000 per occurrence limits to cover this exposure. Five County AOG can increase its liability limits with UCIP to whatever limit they feel they need, but in discussion with Five County AOG management, higher limits were not seen as a significant concern now that Five County AOG's protection is no longer limited by an annual aggregate.

#### **Liability Coverage Focused on Protecting Members**

As an interlocal agency governed by its members, UCIP's primary focus is on protecting its members, not creating profit. UCIP's coverage program differs from what is available from the traditional marketplace, because we look to find coverage and protection for our members, rather than looking for exclusions to limit our financial loss. By way of example, Five County should consider three important differences in UCIP's program from every other option available to Five County AOG.

- **Claims Made Coverage** - All UCIP liability coverage is triggered on a "claims made" basis. This means the coverage and limits available for a loss are determined by the date the claim is made against Five County AOG, instead of the date the injury or wrongful act occurred. Claims made coverage is better for the member because the member gets the benefit of any coverage enhancements or increased limits implemented after the occurrence date but prior to the claim being filed. As an example, the Utah legislature is currently considering increasing the tort cap to \$5,000,000 per occurrence. If this occurs, Five County's

## **AGENDA ITEM # IV. (Continued)**

liability limits would be increased to \$5,000,000 to cover the increased exposure. With UCIP's claims made coverage, Five County would then have \$5,000,000 available for claims filed after the limits were increased. With an occurrence policy, Five County would only have the limit that was in place for the year the occurrence took place, which would be inadequate for the new tort caps. This should be a concern, as Five County is limited to the \$2,000,000 policy limit it has purchased in the past for all claims which occurred prior to joining UCIP. Also, because claims made coverage is triggered by the current filing of a claim, there is no need to retain old policies to prove what coverage you had at the time of the occurrence. Because Five County AOG has been purchasing occurrence policies, it needs to retain copies of each policy for every year, as that is the only way to know what coverage they have for a claim that is filed now for an occurrence of several years ago.

- **Notice vs Suit** - UCIP includes a written notice of claim provided under the requirements of the Utah Governmental Immunity Act in its definition of "Suit". This means that UCIP provides defense from the time a notice of claim is filed. Other policies provide defense only after a lawsuit is filed in court. Under Utah law, a lawsuit cannot be filed for several months after the notice of claim is filed. UCIP recognizes that a lot can happen in a couple months, so defense is provided when members need it.
- **Settlement on Your Terms** - UCIP's member agreement requires the member's approval prior to settlement of any liability claim. Under the policies of other entities you relinquish the decision to settle to the insurer. This is a key reason counties created UCIP, as they were disenchanted with insurers settling claims without consulting the county, creating the appearance of negligence, when the county did nothing negligent.

### **Protection of Property Assets**

UCIP protects its member's physical assets by providing broad protection for owned and leased property.

- **Replacement Cost with no Co-Insurance** - UCIP provides certified property appraisals of all member buildings at no cost, which allows us to provide full replacement cost coverage on all buildings without any co-insurance penalty for under-reporting building values. UCIP's coverage also includes upgrades of equipment to more efficient models to reduce your ongoing utility costs.
- **Flood & Earthquake Limits** - The flood and earthquake limits provided by UCIP far exceed the values of Five County AOG's property, so there is no concern of having inadequate coverage for these catastrophic events.
- **Cyber Liability** - Five County AOG now has cyber liability coverage for the costs associated with the loss of electronic personal information. Cyber liability covers lawsuits against a member for claims of stolen identity arising from the loss of personal information, but it also provides for costs associated with required notification of those whose information was lost, services like credit monitoring, and even the cost of defending regulatory actions for not properly securing the data, and regulatory penalties. Staff indicates Five County has not had this type of coverage in the past.

## **AGENDA ITEM # IV. (Continued)**

### **Stability of Cost**

#### **Limited Rate Fluctuations**

One of the fundamental goals of UCIP is to limit rate fluctuations, to avoid the roller coaster of premium costs in the traditional insurance market. This is a high priority for UCIP's Board of Trustees, as they know that to save money one year only to have a sharp increase the next is very disruptive to the budget process for a governmental agency. Over time, UCIP's historical rate trend has been one of continuously reduced rates. The exception was a rate increase in 2016 prompted by an increase in defense costs arising from several Utah Supreme Court cases which limited the use of governmental immunities. Even with that rate increase, the current UCIP rate is 50% lower than the rates members paid to the Utah Local Governments Trust in 1991, prior to creating UCIP. One of the reasons UCIP has been able to keep rates low and stable is that it jointly owns its catastrophic insurance company with other county pools in other states. The cost of catastrophic insurance is a significant part of the premium cost or funding of any program. By owning its own catastrophic insurer, UCIP is able to control those costs while driving continued enhancements to the coverage.

#### **One Rate for All Members**

UCIP is an interlocal agency of counties and county related entities, and believes each member should be treated equitably. Therefore, all member contributions are calculated using the same rates for every member. Rates do not increase or decrease for individual members based on whether they are out for bid, as they do in the traditional market. The rate Five County AOG is currently paying was not credited or modified to "buy your business", which would only lead to future rate increases. Using the same rate for all members also further guards against rate fluctuation as your entities losses in one year will not lead to an increase in your rates based on "experience". Credits are given to members who have better than average experience at the time dividends are distributed, rather than as part of the rate paid going into a coverage year. Lastly, rates are set by the UCIP Board of Trustees, based on recommendations of an actuarial firm specializing in government risk pools. Five County will have significantly more representation when it comes to decisions of the Board and election of Board members. While Five County AOG will not have an individual vote for election of Board members, each of the five counties will have a vote, which is five votes out of the total 32 votes of all UCIP members. That ratio provides far better representation than the single vote Five County AOG currently has out of the 550+ members of the ULGT. Of the five counties making up Five County AOG, currently four of those counties hold positions on the UCIP Board of Trustees.

#### **Equity and Dividends**

While Five County AOG is a Non-Equity Member of UCIP, the five counties making up Five County AOG all have equity in UCIP. Equity is simply the share of any surplus funds UCIP holds in excess of the reserves established to pay claims. The UCIP Board of Trustees takes its fiduciary responsibility very seriously, and believes it should limit the amount of surplus funds to only that amount which is necessary to protect UCIP's financial condition. That is why UCIP's Board has set a surplus fund target, and actively manages its surplus to that target. UCIP does not believe in holding excessive surplus

## **AGENDA ITEM # IV. (Continued)**

funds when its membership struggles to balance budgets. That is why UCIP has recently proactively reduced its surplus funds (and correspondingly member equity) as it reached and exceeded its surplus fund target. Part of the way UCIP accomplished this surplus reduction was through the distribution of dividends. When dividends were distributed, all members, including non-equity members, received dividends.

### **Risk Management Services**

#### **Risk Consultation**

UCIP provides its members risk management consulting services at no charge, to help reduce the potential for claims and reduction in costs of those claims that do occur. Consultation is provided by both UCIP staff and UCIP's defense panel of attorneys. UCIP staff members have over a half century of experience as risk managers for public entities. The primary UCIP risk management consultant is a Certified Risk Manager, a Certified Insurance Counselor and an Associate in Risk Management for Public Entities. All UCIP staff members are active members of the Utah Public Risk Management Association. UCIP is currently assisting Five County AOG staff in a review and update of their personnel policies and procedures.

#### **Legal Consultation**

When a member needs assistance with an issue that may result in a lawsuit, UCIP provides free access to its defense attorneys for members to get direction and assure their actions will be defensible in court. This service reduces Five County AOG's costs to hire legal counsel in many situations, and should be considered when weighing cost of membership.

**Training & Education** - UCIP provides training and education in a variety of formats to help membership control losses and better manage their entities.

- **On-Site Training** - UCIP staff provides on-site training in several areas such as Discrimination, Sexual Harassment, Use of Volunteers, Open Meetings Act, GRAMA and other issues common to members. UCIP staff also develops and provides specific on-site training for members based on liability concerns with the individual member's activities. Workers Compensation Fund (WCF) provides on-site training on a variety of safety and health topics, and also provide on-site safety inspections. WCF safety consultants are Certified Safety Professionals.
- **Workshops & Regional Training** - UCIP provides several annual training and education Workshops for its members including Personnel, Risk Management, Facilities Management, Planning & Zoning and Fair and Events Management. UCIP also pays for membership in the Utah Safety Council (USC) for each member, providing access to discounted regional training provided throughout the state.
- **On-line Training** - UCIP provides its members access to hundreds of on-line courses, allowing for the training of member employees in the most versatile of training methods. Courses can be taken on any internet accessible computer, as well as on tablets and phones. UCIP provides direct access to its own On-Line Training Program which includes courses in the areas of Personnel, Supervision, Health & Wellness, Productivity, Information Technology and Management. All these courses are designed specifically for local government employees. UCIP

#### **AGENDA ITEM # IV. (Continued)**

members also have access to hundreds more safety and health on-line courses via the Workers Compensation Fund's website at [www.wcf.com](http://www.wcf.com). Safety posters, surveys, inspection forms and other helpful safety materials can also be downloaded from that site at no cost.

**Legislative Coordination** - As a sponsored entity of the Utah Association of Counties, UCIP works to coordinate legislative activities to assist members with efforts to control risk through appropriate legislation. UCIP has worked with the legislature to protect governmental immunities and clarify statutory requirements of county based entities.

UCIP looks forward to working with the Five County AOG to protect the agencies assets, including its employees, from loss.

# **UTAH COUNTIES INDEMNITY POOL**

## **Summary of Membership Coverage & Cost**

This Summary of Membership Coverage Terms is provided to Five County AOG to assist in review of the general terms and conditions of membership in the Utah Counties Indemnity Pool. All terms and conditions of membership are subject to the UCIP Interlocal Agreement, Bylaws and Bylaws Coverage Addendum. Nothing in this summary modifies or changes those terms and conditions.

### **Property**

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#### **Coverage Summary**

UCIP's Property program includes coverages for:

- Buildings & Contents;
- Business Interruption;
- Mobile Equipment;
- EDP Equipment;
- Boiler and Machinery & Equipment Breakdown;
- Inland Marine and;
- Auto Physical Damage.

#### **Limits and Sublimits**

Buildings and Contents coverage is provided on a Replacement Cost basis, and co-insurance is waived if values are scheduled according to certified appraisal of buildings conducted by UCIP. The maximum limit of coverage for the pool as a whole is \$500,000,000 per Occurrence.

Sublimits shown are shared sublimits for all pool members. In the event of an occurrence involving two or more UCIP Members, the per occurrence and aggregate sublimits shown apply to the entire occurrence, and will be shared by the Members involved.

\$25,000,000	Accounts Receivable
\$2,500,000	Animals Used For Research
\$25,000,000	Automatic Coverage
\$100,000,000	Demolition and Increased Cost of Construction
\$1,000,000	Unscheduled Contingent Tax Revenue Interruption
\$10,000,000	Contingent Business Interruption/Contingent Extra Expense (Excluding Earthquake and Flood)
\$25,000,000	Debris Removal (Greater Of 25% of Loss or the Limit Shown)

**AGENDA ITEM # IV. (Continued)**

\$5,000,000	Decontamination Costs	
\$1,000,000	Deferred Payments	
\$100,000,000	Earthquake Annual Aggregate Non-Critical	
\$100,000,000	Equipment Breakdown, including:	
	Spoilage	\$ 5,000,000
	Service Interruption	\$ 25,000,000
	Business Income	INCLUDED
	Extra Expense	\$ 10,000,000
	Expediting Expense	\$ 5,000,000
	Hazardous Substance	\$ 1,000,000
	Ammonia Contamination	\$ 1,000,000
	Data and Media	\$ 10,000,000
	CFC Refrigerants	\$ 1,000,000
	Computer Equipment	INCLUDED
\$25,000,000	Errors and Omissions	
\$10,000,000	Expediting Expense	
\$25,000,000	Extra Expense	
\$10,000,000	Extended Period of Coverage	
\$10,000,000	Fine Arts	
\$20,000,000	Flood-Annual Aggregate as respects all locations situated wholly or partially within Special Flood Hazard Area (SFHA).	
\$100,000,000	Flood—Annual Aggregate as respects all locations not situated wholly or partially within Special Flood Hazard Area (SFHA).	
\$25,000,000	Ingress/Egress	
\$2,500,000	Insect, Animal and Vermin damage to vehicles	
\$25,000,000	Interruption by Civil Authority	
\$25,000,000	Leasehold Interest	
\$25,000,000	Miscellaneous Unnamed Locations	
\$2,500,000	Mobile Medical Equipment	
\$5,000,000	Professional Fees	
\$25,000,000	Property in Course of Construction and Soft Costs	
\$25,000,000	Service Interruption - Property Damage and Time Element Combined (Including Transmission Facilities, Excluding Transmission and Distribution Lines In Excess of One Mile)	
\$1,000,000	Tax Treatment of Profits	
INCLUDED	Temporary Removal of Property, except \$1,000,000 for the purpose of being repaired or serviced	
\$2,000,000	Transit (Property Damage and Time Element Combined)	
\$25,000,000	Valuable Papers and Records	
\$2,500,000	Landscaping Improvements, Subject To \$15,000 Any One Shrub or Tree	
\$150,000	Any One Watercraft, \$1,500,000 Any One Occurrence for Watercraft 27 Feet or Less In Length	
\$500,000	Any One Location, \$1,000,000 Any One Occurrence For Piers, Docks, Pilings, Bulkheads, and Wharves	
\$250,000	Unscheduled Tunnels, Bridges, and Dams unless specific values have been declared (excluding coverage for the peril of	

## **AGENDA ITEM # IV. (Continued)**

earthquake and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters, unless specifically scheduled)

### **Deductibles**

The standard property deductible is \$500 per occurrence except automobile physical damage which is \$1,000 per occurrence.

Deductible for Flood losses at locations in a Special Hazard Zone is the maximum Limit(s) of Insurance which the Member could have purchased for the eligible property under the National Flood Insurance Program, whether purchased or not. For locations within a Special Hazard Zone which are not eligible for coverage under the National Flood Insurance Program, the deductible is \$500,000 per building and \$500,000 for contents.

Deductible for Flood losses at locations not in a Special Hazard Zone is \$500 per occurrence.

If more than one deductible might apply to a single occurrence, only the largest deductible will apply.

### **Exposure Base**

The exposure base used to calculate member contribution for Property coverages are as follows:

Buildings	\$1,454,800	
Contents	\$ 467,516	
EDP	\$ 148,001	
<u>Autos</u>	<u>\$ 224,000</u>	(16 vehicles as scheduled)
Total	\$ 2,294,317	(UCIP does not charge separately for Business Interruption)

### **Rate**

The rate applied to property exposures for calculation of contribution is \$0.001.

### **Annual Contribution**

The Annual Property Contribution based on the exposures shown above is: **\$2,294**

## **AGENDA ITEM # IV. (Continued)**

### **Crime**

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#### **Coverage Summary**

UCIP's Crime program includes coverages for Money & Securities, Blanket Employee Bond including Faithful Performance, Deposits Forgery, Computer Fraud, Funds Transfer, and Money Orders and Counterfeit Paper Currency.

#### **Limits and Sublimits**

Limits and sublimits applying to liability coverages are as follows:

\$250,000	Money & Securities (inside premises)
\$250,000	Money & Securities (outside premises)
\$250,000	Commercial Blanket Bond (excludes employees known to have committed fraudulent or dishonest acts)
\$250,000	Faithful Performance
\$250,000	Depositors Forgery
\$250,000	Computer Fraud
\$250,000	Funds Transfer
\$250,000	Money Orders and Counterfeit Paper Currency

In addition to the limits provided directly by UCIP, UCIP also provides excess crime insurance under a jointly purchased Crime Policy with Fidelity and Deposit Company (an A rated Zurich Insurance company) which provides the following limits in excess of the limits shown above:

\$2,000,000	Employee Theft per loss
\$2,000,000	Forgery and Alteration
\$2,000,000	Inside the Premises Theft of Money and Securities
\$2,000,000	Inside the Premises Robbery or Safe Burglary of Other Property
\$2,000,000	Outside the Premises
\$2,000,000	Computer Fraud
\$2,000,000	Funds Transfer Fraud
\$2,000,000	Money Orders and Counterfeit Paper Currency

#### **Deductibles**

A \$500 deductible applies to Crime coverages.

#### **Exposure Base**

The exposure base used to calculate member contribution for Crime coverages are as follows:

Net Expenditures - \$4,720,894

#### **Rate**

The rate for Crime coverage is \$0.056.

#### **Annual Contribution**

The annual contribution for Crime based on the exposures above is:

**\$264**

**AGENDA ITEM # IV. (Continued)**

**Cyber Liability**

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**Coverage Summary**

UCIP's Cyber Liability program is for a \$1,000,000 per occurrence and annual aggregate limit and includes coverage for:

- Liability claims arising out of the loss of personal information;
- Claim Expenses including consultants to determine extent of loss;
- Privacy Response Expenses including cost of notification and credit monitoring;
- Regulatory Expenses including defense and payment of penalties.

**Limits and Sublimits**

Cyber Liability Limits are provided on a per occurrence basis. All limits and sublimits are subject to a per occurrence limit of \$1,000,000 and an annual aggregate limit of \$1,000,000. Limits and sublimits applying to Cyber Liability coverages are as follows:

\$1,000,000	Third Party Liability Claims
\$250,000	Claim Expense and Privacy Response Services
\$100,000	Regulatory Proceedings
\$50,000	Regulatory Penalties

**Deductible**

No deductibles apply to Cyber Liability coverages.

**Exposure Base**

The exposure base used to calculate member contribution for Cyber Liability coverages are as follows:

Employees	40
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**Rate**

The rate applied to Cyber Liability exposures for calculation of contribution is \$6.09.

**Annual Contribution**

The Annual Cyber Liability Contribution based on the exposures shown above is: **\$ 244**

*Higher limits and sublimits are available upon request. UCIP provides tools to assess your entity's potential risk of loss for cyber liability.*

## **AGENDA ITEM # IV. (Continued)**

### **Liability**

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#### **Coverage Summary**

UCIP's Liability program is for per occurrence limits with **no annual aggregate** and includes coverage for:

- General Liability;
- Public Officials Liability including Employee Benefits Liability; and
- Auto Liability.

#### **Limits and Sublimits**

Except as shown, all limits are per occurrence with no annual aggregate. Defense costs are not included in the limits shown. Limits and sublimits applying to liability coverages are as follows:

\$3,000,000	General Liability
\$3,000,000	Public Officials Liability
\$3,000,000	Automobile Liability
\$5,000,000	Limited Professional Health Care
\$50,000	Herbicide and Pesticide Application
\$100,000	Terrorism per Occurrence
\$100,000	Terrorism Aggregate per Member
\$300,000	Terrorism Annual Aggregate

#### **Deductibles**

No deductibles apply to liability coverages.

#### **Exposure Base**

The exposure base used to calculate member contribution for Liability coverages are as follow:

Net Expenditures - \$4,720,894  
# Autos – 16

#### **Rate**

The rate applied to liability exposures for calculation of contribution is:

Liability other than Auto - \$0.00665  
Auto Liability - \$250.00

#### **Annual Contribution**

The Annual Liability Contribution based on the exposures shown above is: **\$32,930**

**UTAH**  
**COUNTIES**  
INDEMNITY POOL

**UCIP Annual Contribution Summary**

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Property including Auto Physical Damage	\$ 2,294
Crime including Employee Dishonesty	\$ 264
Cyber Liability	\$ 244
Liability including Auto Liability	<u>\$32,930</u>
<b>Total Five County AOG 2016 P/C Contribution:</b>	<b>\$35,732</b>

*Additional contribution to increase liability limit to \$5,000,000: \$3,177*

**No additional mid-year or audit charges apply.**

- **Other providers charge for vehicles and other property added mid-term, UCIP does not charge mid-term for additions to property.**
- **Other providers have audit charge provisions in their policies, UCIP does not have audit provisions, so the contribution you are billed for in January is all you will pay for the year.**

**AGENDA ITEM # IV. (Continued)**

**Workers Compensation**

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UCIP provides members access to Workers Compensation insurance under a joint purchase program with the Workers Compensation Fund (WCF). WCF's A.M. Best Rating is A.

**Limits and Sublimits**

Limits and sublimits applying to workers compensation coverages are as follows:

Statutory	Benefits
\$500,000	Employers Liability

**Deductibles**

No deductibles apply to workers compensation coverage

**Exposure Base**

The exposure base used to calculate member contribution for workers compensation coverages are as follow:

<u>Code</u>	<u>Payroll</u>
8810	\$393,245
9416	\$1,637,296

**Rate**

The rate applied to workers compensation exposures for calculation of contribution is:

<u>Code</u>	<u>Base Rate</u>	<u>Terrorism</u>	<u>Catastrophe other than Terrorism</u>
8810	\$0.0017	\$0.01	\$0.01
9416	\$0.0261	\$0.01	\$0.01

**Modification Factor**

The Modification Factor used to calculate annual contribution is 1.00 in accordance with NCCI rules for an insured with no prior NCCI history (Five County AOG has been insured by an unregulated insurer that does not provide loss data to NCCI).

**Credits Applied**

Credits Applied for calculation of the annual contribution for workers compensation are as follows:

Scheduled Rating Credit – 0.77
Premium Credit – 13.83%

**Annual Contribution**

The Annual Workers Compensation premium based on the exposures, Experience Modification Factor and Credits shown above is:

**\$29,203.68**

*Workers Compensation premium is auditable, based on the rates, Mod and credits shown. UCIP can assist estimating your audited premium for budget purposes.*



# FIVE COUNTY AOG

## 2016 INSURANCE PROPOSAL

2016 PROPERTY & CASUALTY





## WHO IS THE TRUST?

- Your 27 Year Partner
- A Public Agency Insurance Mutual (Member Owned)
- Self Insured Risk Pool for Utah's Local Governments
- Formed under the Interlocal Cooperative Act - Utah Code § 11-13-102



## **PUBLIC AGENCY INSURANCE MUTUAL INTERLOCAL COOPERATIVE ACT - UTAH CODE § 11-13-102**

- (1) To permit local governmental units to make the most efficient use of their powers by enabling them to cooperate with other localities on a basis of mutual advantage and thereby to provide services and facilities in a manner and under forms of governmental organization that will accord best with geographic, economic, population and other factors influencing the needs and development of local communities; and
- (2) To provide the benefit of economy of scale, economic development, and utilization of natural resources for the overall promotion of the general welfare of the state.



# TRUST & UCIP

## SIMILARITIES

**YES**      **NO**

- Public Agency Insurance Mutual
- Formed Under Utah Code § 11-13-102
- Membership by Interlocal Agreement





## UCIP

DID YOU KNOW?

YES	NO
<input type="checkbox"/>	<input checked="" type="checkbox"/>

- Insurer of Utah's AOG's
- Rate Guarantees
- Dividends / Assistance Grants
- Member Equity & Voting Rights



# UCIP

DID YOU KNOW?

UCIP INTERLOCAL AGREEMENT



As a member of the Utah  
Counties Indemnity Pool, Five  
County AOG will have no  
equity or voting rights.

4.4 Members shall be classified as one of the following member types:

- (a) Equity Member; and
- (b) Non-equity Member.

Equity members shall be included in the calculation of equity as described in the Agreement and these Bylaws. Non-equity Members shall not be included in calculations of, nor shall they have any ownership interest in, the member equity of the pool.

4.5 Members shall also be classified as either:

- (a) Voting; or
- (b) Non-voting members.

Members which are counties shall be voting members. Members which are special service districts, health departments, Children’s Justice Centers or non-profits as described under 4.3.e. shall be non-voting members.



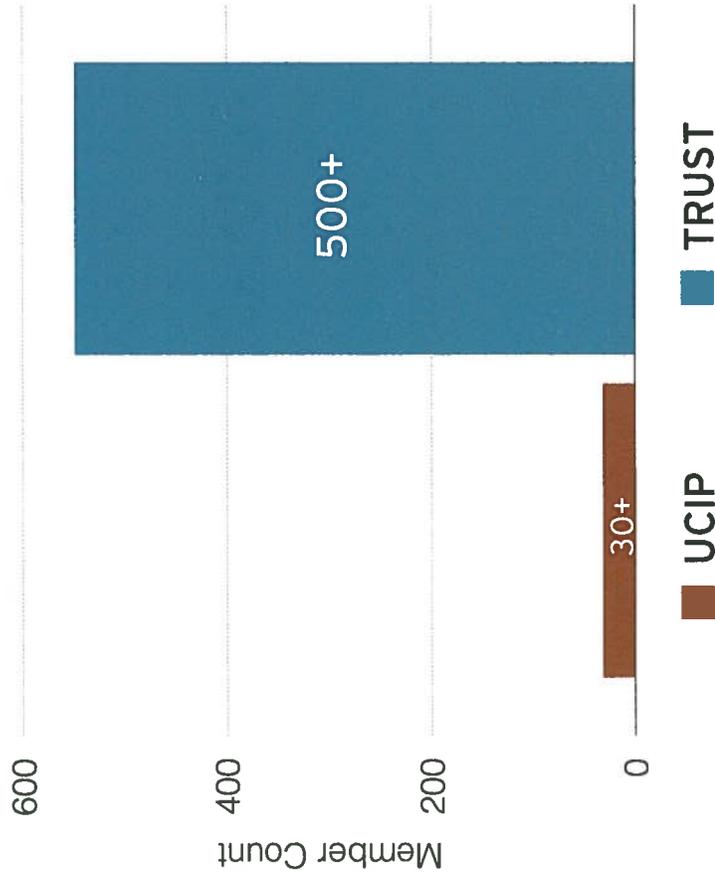


# TRUST

DID YOU KNOW?

	YES	NO
• Insurer of Utah's AOG's (All 6 AOG's)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Rate Guarantees (Renewable Every 3 Years)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Dividends / Assistance Grants (\$23,519)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Member Equity & Voting Rights (\$144,046)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

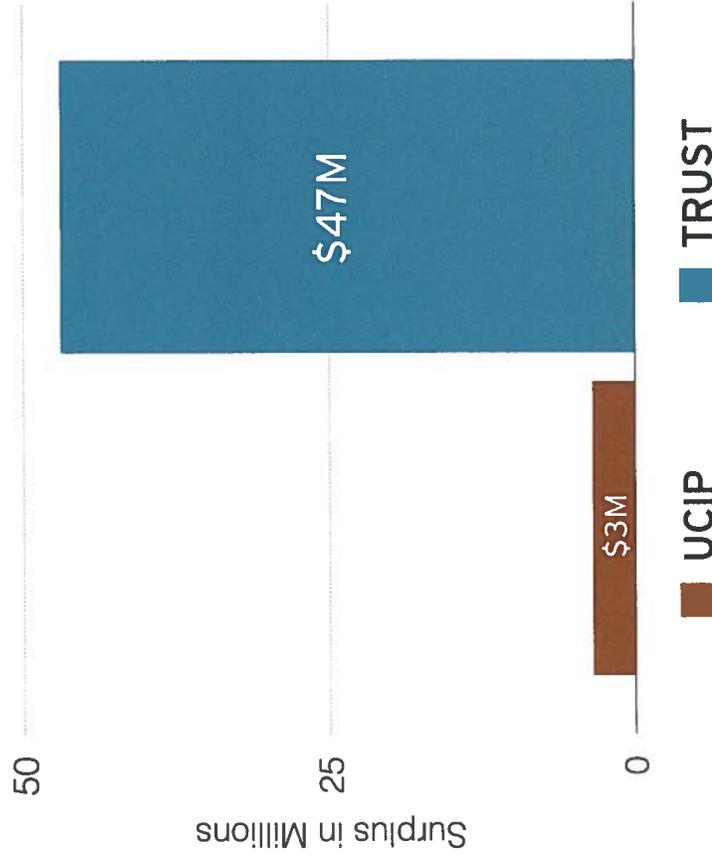
# SAFETY IN NUMBERS



“The law of large numbers proves a carrier’s ability to project and pay expected losses. This statistical axiom directly affects rates and premium stabilization.”



# FINANCIAL SOLVENCY

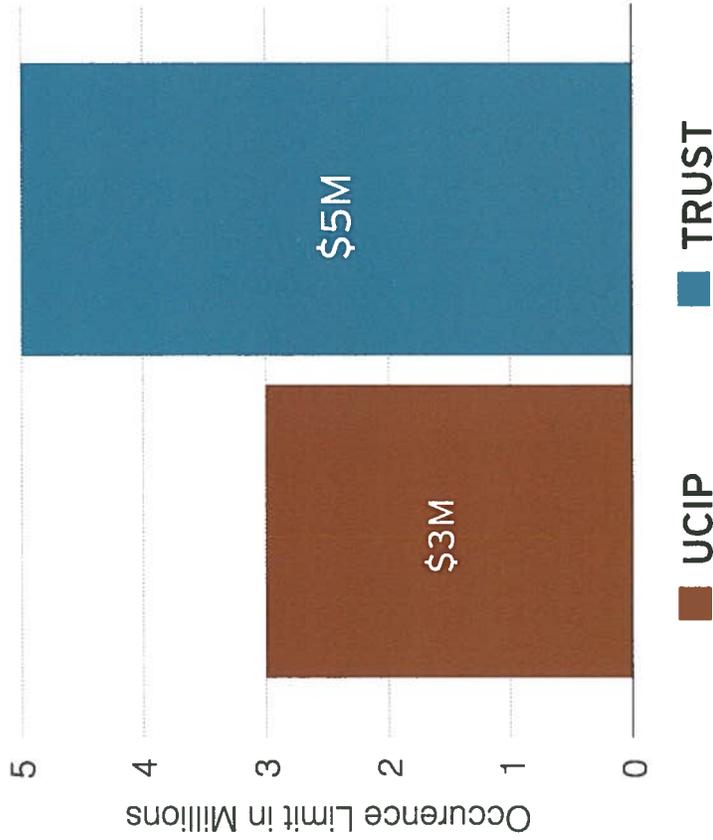


“The ability of a company to meet their long-term financial obligations, or exceed their current liabilities.”



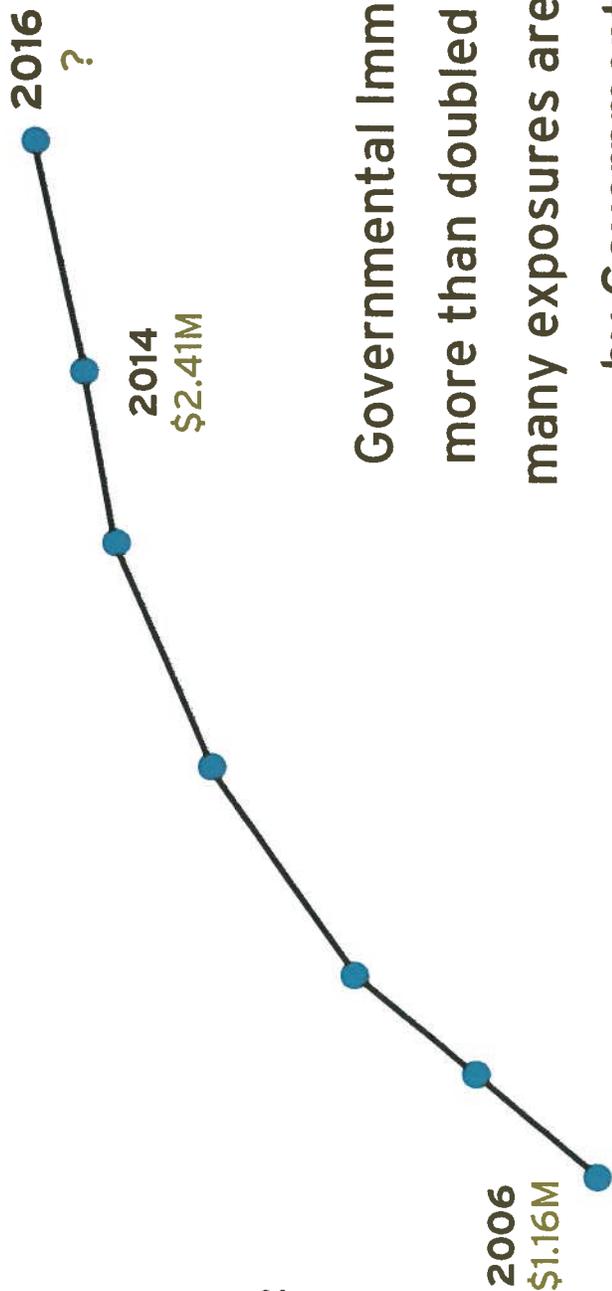


## LIABILITY LIMIT



“Governmental Immunity protects public agencies from excessive legal damages. These limits increase rapidly, often leaving local governments and their employees exposed. A \$5M limit is our minimum recommendation.”

# GOVERNMENTAL IMMUNITY LIMIT HISTORY



Governmental Immunity limits have more than doubled since 2006, and many exposures are left unprotected by Governmental Immunity.



## WHY WE RECOMMEND \$5M



Recent claims in Washington County left unprotected by Governmental Immunity AND exceeding \$3M in damages.

# COULD THIS HAPPEN TO YOU?

## Siblings to receive \$3.5 million for housing discrimination | ksl.com

By Geoff Liesak  
 geoff@ksl.com, 387-1141 @ 8:56am



**ROOSEVELT** — Three siblings will receive \$3.5 million from Duchesne County and its insurance carrier to settle a 2008 housing discrimination lawsuit.

The Utah Counties Insurance Pool will pay John Hancock, Tyson Hancock and Brooke Stevens \$2.25 million. Duchesne County will pay the remaining \$1.25 million, which will nearly wipe out its "rainy day fund," according to county Clerk-Auditor Diane Freston.

In addition to the settlement with the Hancock and Stevens, the county has also agreed to pay about \$66,000 in attorney's fees to the Utah Antidiscrimination and Labor Division, which filed the lawsuit on behalf of the siblings.

Duchesne County commissioners referred all questions about the settlement to deputy county attorney Jon Stearmer. A message left on Stearmer's cell phone Tuesday afternoon was not returned.

The Hancock and Stevens, operating as Uintah Mountain Housing LLC, had sought to build as many as three residential treatment centers for disabled youth on family property in unincorporated Duchesne County. Neighbors objected to the centers, citing fears about decreased property values and the potential threat to public safety the centers' clients might pose.

County officials responded by suspending a building permit issued for one of the proposed centers and then placing a moratorium on the construction of similar facilities until new ordinances could be drafted.

Those actions and three county ordinances violated both the state and federal Fair Housing acts, according to a ruling handed down earlier this year by 3rd District Judge Keith Kelly.

"The county's intentional discriminatory actions in relation to Uintah Housing involves reckless and callous indifference to the federally protected rights of persons with disabilities under the (Fair Housing Act)," Kelly wrote in the ruling.

"In a non-discriminatory environment, Uintah Housing would have easily obtained all appropriate licenses and permits for its proposed residential facility for persons with disabilities," the judge added.

John Hancock, who is an attorney and represented himself and his siblings in the lawsuit, said his family is happy to have the case resolved.

"We're glad to be done and moving ahead," he said, adding that they are now going through the licensing process with the state and hope to begin construction on three treatment centers in early 2012.

As part of his ruling, Kelly signed a permanent injunction that requires the county to grant Uintah Mountain Housing "all permits and approvals for building and operating its proposed facilities," so long as the treatment centers meet the same requirements as "non-disability residences."

Uintah Mountain intends to serve as many as 50 clients in its facilities, John Hancock said. The company has said its clients will be teenage boys suffering from depression, obesity, attention deficit hyperactivity disorder, poor academic performance, troubled family relationships or low self-esteem.

"It's not a criminal program," Hancock said. "It's a program for kids with disabilities."

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<http://www.ksl.com/index.php?id=960&sid=17728699&title=siblings-observe-35-million-for-housing-discrimination>

**"The Utah Counties Insurance Pool will pay... \$2.25 million. Duchesne County will pay the remaining \$1.25 million."**





## PREMIUM OVERVIEW & COVERAGE COMPARISON

	TRUST	UCIP	DIFFERENCE
Property & Liability	\$26,936 (5M Limit)	\$35,482 (3M Limit)	UCIP 32% Higher
Workers' Compensation	\$23,519	\$29,970	UCIP 27% Higher
<b>TOTAL</b>	<b>\$50,455</b>	<b>\$65,453</b>	<b>UCIP 30% Higher</b>
Dividends / Grants (Average Per Year)	\$3,856	\$0	\$3,856
<b>NET TOTAL</b> (After Dividends / Grants)	<b>\$46,599</b>	<b>\$65,453</b>	<b>UCIP 40% Higher</b>

**NOTE:** Pricing reflects Five County AOG's 2016 renewal premium





**THANK YOU**  
FOR YOUR 27 YEAR PARTNERSHIP