



C I T Y O F
RENO
Memorandum

DATE: September 20, 2024
TO: Mayor and City Council
THROUGH: Jackie Bryant, Interim City Manager **Approved Electronically**
FROM: Adria White, Risk Manager
DEPT: Human Resources
SUBJECT: 09-25-25 Council Meeting Item B.11 Attachment Correction

2024 Annual Liability Insurance Renewals – Supplemental Materials

This memo has been prepared to provide Council with the correct City of Reno 2024 Liability Insurance Renewal Proposal. The proposal included in the posted agenda packet contained outdated verbiage, on page three, from last year’s renewal proposal. AON has sent a corrected proposal document which removes the outdated verbiage. This change has no bearing on any of the financial figures, insurance quotes, or any other material information included in the original proposal.

Below is a comparison of the correction, with the language being removed highlighted in orange.

Executive Summary

As standard Aon practice, the course of marketing action for the City of Reno involves discussing and evaluating major underwriting and risk criteria such as rating assembly, pricing, capacity of limits, policy/contract alignment and exposure standings to potential carriers within an ever-varying marketplace.

Our strategy for this renewal is to solidify our relationship with existing carriers and see if their renewal pricing was in line with current market pricing. Below is our results from this year's effort.

Liability: The incumbent primary excess carrier, Safety National, provided renewal terms for the City's primary liability program with the same limits and terms as last year. The year-over-year premium increased by 16% which translates into a premium of \$553,272 and an increase of \$76,142. This was due to a 10% increase in exposures and a 6% increase in rate. The previous broker for the City was placing this line of coverage through a wholesaler who was taking a 12% commission on the placement. Two years ago, Aon removed the wholesaler and placed this line of coverage directly with Safety National. Had the City stayed with the previous broker, this renewal premium would have been \$619,664.64 (vs. the renewal premium of \$553,272), which is a savings of \$66,392.64

This year, Berkley Public Entity's year-over-year premium increased by 26% annually which translates into an increase of \$76,158.70. This increase is due to claims development on the City's program as well as exposure increases. The previous broker for the City was placing this line of coverage through a wholesaler who was taking a 15% commission on the placement. Two years ago, Aon removed the wholesaler and placed this line of coverage directly with Berkley PE. Had the City stayed with the previous broker, this renewal premium would have been \$420,826.17 (vs. the renewal premium of \$365,935.80), which translates into a savings of \$54,890.37.

Excess Workers Compensation: The incumbent carrier, Safety National, provided renewal terms on the City's Excess Workers' Compensation program. The year-over-year premium increased by 4.5% which translates into a premium of \$604,231 and an increase of \$25,824. There has been significant increases to development and frequency of large presumption claims over the last couple years, and two \$5M+ claims that occurred during the 2022 policy year. As a result, Safety National can no longer offer the expiring \$2.5M SIR and Cash Flow Protection endorsement. Thus, Safety National is requiring the City to increase their SIR from \$2.5M to \$5M SIR. Payroll increased by 10% from last year to this year which also impacted premium.

The previous broker for the City was placing this line of coverage through a wholesaler who was taking a 10% commission on the placement. Two years ago, Aon removed the wholesaler and placed this line of coverage directly with Safety National. Had the City stayed with the previous broker, this renewal premium would have been \$664,654.10 (vs. the renewal premium of \$604,231). This is a \$60,423.10 in annual savings for the City.

The carrier is also offering an option for a reduced SIR of \$4M in lieu of \$5M. However, the renewal premium for this option would be \$826,046.

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