



Finance Department  
1316 N 14<sup>th</sup> Street  
Superior, WI 54880

Phone: (715) 395-7291  
Fax: (715) 395-7292

To: Councilor – Jack Sweeney (Chair)  
Councilor – Tylor Elm (Co-Chair)  
Councilor – Mike Herrick  
Councilor – Jennifer Van Sickle (Alt)

October 10, 2022

From: Deb Kamunen – Assistant Finance Director

**Finance Committee Mission Statement:** To have broad oversight of financial policies and procedures, and to provide the City Council and management with such financial expertise, opinion, and recommendations as will be helpful for the Council to make decisions regarding the financial stability of the City of Superior.

**\*\*\*\* SPECIAL FINANCE COMMITTEE MEETING AGENDA \*\*\*\***

Please note this is a SPECIAL MEETING of the Finance Committee; regular meetings will continue to be held monthly on the 2nd Thursday at 4:30pm of each month.

A Special Finance Committee meeting is scheduled for Tuesday, October 11, 2022 at 4:30 p.m. in **Room 204** of the **Government Center**. The public may also access this meeting online with Google Meet by pressing CTRL + click to follow the link or copying and pasting the address into a web browser:

[Join with Google Meet](#)

Meeting ID

[meet.google.com/ymq-xjpb-gnb](https://meet.google.com/ymq-xjpb-gnb)

Phone Numbers

(US)+1 515-884-8792

PIN: 643 637 283#

**The following items will be discussed at the Special Finance Committee meeting:**

1. Acting Finance Director Deb Kamunen recommending accepting the proposal from Community Insurance Corporation and Marsh & McLellan Agency for municipal liability, self-funded workers compensation, property, crime, 5 year tail, equipment breakdown, and injunctive relief insurance coverage for the January 1, 2023 – December 31, 2023 period with consideration for optional coverages and/or deductible amounts.

If you are unable to attend this meeting, please contact Deb Kamunen at 715-395-7293.

Cc: Mayor Jim Paine  
City Council Members  
City Clerk’s Office  
Bulletin Board  
Department Heads  
KDAL Radio  
WDSM Radio  
WEBC Radio  
Duluth News Tribune  
Superior Telegram  
Taylor Pedersen  
Peter Luke  
Kyle Hawley

***Notice is hereby given that a quorum of the City Council may be present. No action will be taken other than the items listed on this agenda.***

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*Pursuant to the Americans with Disabilities Act of 1990, if you are in need of an accommodation to participate in the public meeting process, please contact the City Clerk's Office at (715) 395-7200 prior to the scheduled meeting. The City will attempt to accommodate any request depending on the amount of notice received. TDD (715) 395-7521.*

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**In compliance with Wisconsin Open Meetings Law, this agenda was:**

Posted: Government Center, Court House, Public Library  
Faxed to: Daily Telegram, Public Library, October 10, 2022  
Media notified and mailing list: October 10, 2022

Superior Telegram to sign and fax verification of receipt to fax number  
(715-395-7292)

\_\_\_\_\_

Name

\_\_\_\_\_

Date



**City of Superior – Finance Department**

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Phone: (715) 395-7293  
Fax: (715) 395-7292  
E-mail: [kamunend@ci.superior.wi.us](mailto:kamunend@ci.superior.wi.us)

Deb Kamunen  
Assistant Finance Director  
1316 N 14<sup>th</sup> Street  
Superior, WI 54880

TO: Members of the Finance Committee  
FROM: Deb Kamunen, Acting Finance Director  
RE: Recommendation of Community Insurance Corporation/Marsh & McLellan

It is my recommendation that the winning proposal for coverage in the areas of: Municipal Liability which includes Employment Practices and Auto, Crime, Property, Cyber, and Self-funded Workers Compensation for calendar year 2023 be awarded to Community Insurance Corporation and Marsh & McLellan Agency.

**Introduction:**

The City of Superior’s Finance Department has received liability, worker’s compensation, and property insurance proposals from two insurance agencies, Spectrum Insurance Group, who submitted proposals from the League of Wisconsin Municipalities Mutual Insurance (LWM) for the liability and self-funded worker’s compensation coverage and Municipal Property Insurance Company (MPIC), the City of Superior’s current property insurer, and Marsh & McLellan Agency (MMA), who submitted a proposal from Community Insurance Corporation (CIC) for the liability, self-funded worker’s compensation, and property insurance. A comparison was done by the Finance Department with these two agencies and respective insurance companies along with the City’s current insurance company, Cities and Villages Mutual Insurance Company (CVMIC), who is the insurance company for the 2022 liability and fully insured workers compensation. As MPIC is the current insurance company for the City of Superior, the LWM did not quote this coverage in their proposal, but it would port to LWM.

**Background:**

The Finance Committee asked the Finance Department to conduct a search to obtain proposals from insurance companies as the same insurance company, CVMIC, has been renewed year after year without going to market for 35 years. Finance located two insurance companies, LWM and CIC, who were interested in submitting proposals for liability, worker’s compensation (both fully insured and self-funded options were

evaluated, but ultimately, the self-funded option was chosen as the better option and included in each of their proposals), and property coverage.

The Finance Committee has had several meetings over the course of at least a year with all three insurance companies – LWM, CIC, and CVMIC. The last meeting in which all three presented information was on July 12<sup>th</sup>, 2022.

### **Supporting Information:**

Based on information presented at the Finance Committee Meetings and included on the respective proposals submitted by each company/agency, it became clear that the self-funded workers compensation was a much better option for the City of Superior as there was opportunity for significant savings. All three insurers agreed at the July 12<sup>th</sup>, 2022 presentation that the self-funded workers compensation option would generate significant savings to the City of Superior based upon an analysis of the City's past loss run. While CVMIC does offer self-funded workers compensation, CVMIC does not offer aggregate protection, both of which CIC and LWM do at \$500,000 per year. Because of the lack of aggregate protection, CVMIC has been eliminated from consideration and the City was left to only consider the remaining two companies - LWM and CIC.

Additionally, both the LWM and CIC have chosen to bundle the self-funded workers compensation together with the liability and property insurance. CVMIC did give us the option to keep the liability and property insurance and only move the workers compensation to a new company, but this is not an option with either the LWM or CIC as both have bundled all coverages together. This means that in order to bind coverage the City of Superior is forced to choose all or nothing.

A comparison was made of all three insurance companies. Particular care was given during the analysis to try to align the coverages so an apples to apples comparison could be made. Past loss runs were used to determine the average cost of workers compensation to the City while insured through CVMIC. The average cost paid by the City is \$136,440.94 which was added to the administrative cost of the self-funding workers compensation to both LWM and CIC total premium.

Additionally, if a savings could be recognized, these were deducted from each of the total cost of the premiums. If there was a cost to maintain a policy as it was not covered in the proposal or the City has current coverage other than CVMIC, this cost was also added to the comparison. An example of this is the airport insured by Aerospace Insurance Services, Inc. with the Holden Agency. The cost was added to both CIC and CVMIC as the City would need to retain this insurance coverage. As the airport coverage generated savings through LWM, this savings was deducted from the LWM's total premium. Lastly, if 2023 premium rates were not available, it was noted on the comparison that the actual 2022 premium rates were used instead.

If the coverage was optional, this was not added to the total unless it was included in the cost of the general liability by an insurance company. Then, the optional coverage cost

was added to try maintain the apples to apples comparison. Conversely, if an insurance company was the only one with the optional coverage, this was excluded from the premium total.

Throughout this process, the City ensured transparency with all insurance companies/agencies. All three companies received all proposals. All were in attendance at each of the Finance Committee presentations. Lastly, all three received the comparison and were asked to expand, change or add any detail to the comparison.

The final total cost for each were as follows:

CVMIC/MPIC	\$855,165.00
MMA/CIC	\$693,214.94
LWM/Spectrum Insurance	\$676,060.94

**Recommendation:**

Although Community Insurance Corporation with Marsh & McLellan Agency were not the low bidder, the City of Superior can choose a higher bidder if it can be justified. The following list are the factors which justify my recommendation of CIC and Marsh & McLellan Agency:

1. The Municipal Liability has an aggregate of the deductible of \$150,000 whereas LWM does not have aggregate protection.
2. The per occurrence limit was double the amount at \$500,000 for cyber coverage through CIC. The LWM's occurrence limit for cyber coverage was \$250,000.
3. The opportunity for additional savings is greater through CIC.
4. Marsh and McLellan Agency also has performed services for the City in the past with a satisfactory level of accuracy, efficiency and responsiveness.

It is my recommendation that the Finance Committee accept the proposal to insure for calendar year 2023 the City of Superior in the following areas: Municipal Liability which includes Employment Practices and Auto, Crime, Property, Cyber, and Self-funded Workers Compensation.



## Business Insurance Proposal

# City of Superior

1316 N. 14<sup>th</sup> Street, Superior, WI 54880

Presented By: Bob St. Arnold, CIC, CRM

President – Northern MN & WI Sales

Presented On: 7/12/2022

Policy Term: 10/7/2022 - 2023

Proposal Expires On: 10/7/2022

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## Service Teams

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### **Structure and Purpose**

We rely on our organizational structure strategically designed to support and deliver excellent service. By providing a team of skilled individuals to service each account, we offer you the following unique benefits. Please do not hesitate to contact any member of your team at any time.

### **Specialization**

Each team member brings particular skills and specialties to your account, which enables us to fulfill your needs in the most efficient, affordable manner.

### **Back Up**

With a panel of individuals trained on your program, service is reliable and continual. You need not be concerned that service will cease upon a single person's absence.

### **Consistency**

A team approach guarantees that your account will not be affected if a team member should leave our firm or change positions



## Risk Prevention Service Team

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BUSINESS INSURANCE			
Bob St. Arnold	Risk Prevention Consultant	P: 218-336-1541 C: 218-590-0153	bob.starnold@marshmma.com
Rhonda Nikunen	VP of Marketing & Operations – Northern MN	P: 218-625-2105 C: 218-409-3703	rhonda.nikunen@marshmma.com
Dee Ann Briegel	Client Advisor	P: 218-623-5772 C: 218-349-2427	dee.briegel@marshmma.com
Alanna Soukkala	Safety Consultant	P: 218-623-5878 C: 218-721-7664	alanna.soukkala@marshmma.com
Whitney Mergens	Associate Safety Consultant	C: 218-221-5232	whitney.mergens@marshmma.com
Chris Cliff	Claims Consultant	P: 763-746-8314	chris.cliff@marshmma.com
Julie Korbelt	Claims Consultant	P: 763-746-8360	julie.korbelt@marshmma.com

## Premium Summary

COVERAGE	PROPOSED CARRIER	2022-2023 PROPOSED PREMIUMS
Property/Inland Marine	Community Insurance Corporation	\$156,491
Equipment Breakdown	Community Insurance Corporation	\$10,368
Auto Physical Damage	Community Insurance Corporation	\$59,014
Crime	Travelers – Agent of Record	\$4,681
Municipal Liability	Community Insurance Corporation	\$155,925
Excess Workers' Compensation (Self-Insure)	Community Insurance Corporation	\$124,097
Professional Service Fee – WC	Marsh & McLennan Agency	\$15,000
<b>Total Estimated Annual Premium:</b>		<b>\$525,576</b>

(This is a summary of estimated premiums and is not a binding contract or a guarantee of issued costs. Additional limits of liability may be available upon request. If foreign coverage is proposed, the premium may be adjusted to reflect the currency rate at the time of the effective date).

**\*5 Year “Nose” for EPLI – 5% Additional Premium - \$6,678 Estimated**

### Request to Bind Insurance Coverage

Please bind insurance coverage as specifically quoted and identified in this proposal. I understand coverage is ONLY bound when written confirmation is received from the carrier(s).

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_

## Premium Summary -Continued

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### **Request to Bind Optional Coverage**

<b>Coverage</b>	<b>Annual Premium</b>	<b>ACCEPT</b>	<b>DECLINE</b>
5 Year Tail on EPLI	\$6,678 Estimated Cost		
CIC – Increase Property/EB/Pier-Wharf Deductible to \$10,000	\$8,739 Savings		
CIC – Increase Property/EB/Pier-Wharf Deductible to \$25,000	\$21,219 Savings		
CIC – Increase Property/EB/Pier-Wharf Deductible to \$50,000 & Contractors Equipment to \$10,000	\$38,644 Savings		
Crime - \$5,000,000 Limit (Zurich)	\$21,783		
Auto Medical Payments	\$1,750		
Injunctive Relief-Only Endorsement	\$10,447		

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_

### **Deductible Funds**

Liability – Deductible Funding options are available.

### **Injunctive Relief-Only Endorsement**

This endorsement will provide claims defense on those injunctive relief claims that may not trigger the Liability Policy; no monetary damages or attorney fees presented. Having the endorsement will provide coverage up to \$50,000 for non-triggered injunctive relief claims.

**Composite Rated Policy Statement – Waiting on Confirmation**

The Auto policy is composite rated which requires an accurate schedule as of the effective date for coverage to apply. I have reviewed the equipment schedule presented in the proposal and agree it is accurate and up to date as of the effective date of XX/XX/XXXX

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_

**Property / Equipment Changes**

- Streamlined process with only major changes (million dollar plus asset) underwritten mid-term. Details on process will be provided.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_

# Subjectivities

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## **Subjectivities:**

### **CIC**

- Municipal Liability coverages must be purchased in order to purchase the Property & Work Comp coverages through CIC.
- List of Additional Insureds provided at binding - \$25.00 Additional Charge for Each Additional Insured.
- Accept / Reject Identity Recovery Coverage. – Application Required & Additional Charge.
- Accept / Reject Auto Med Pay & Injunctive Relief Coverage.
- Separate Claim Fund established for Workers Compensation.

### **Zurich - Optional**

- Crime – Loss Runs

## Premium Payment Terms

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<b>COVERAGE:</b>	<b>CARRIER</b>	<b>PAYMENT TERMS</b>
<b>Property:</b>	Community Insurance Corporation	Semi-Annual
<b>Inland Marine:</b>	Community Insurance Corporation	Semi-Annual
<b>Crime:</b>	Travelers / Agent of Record	Annual
<b>Municipal Liability:</b>	Community Insurance Corporation	Semi-Annual
<b>Automobile Physical Damage:</b>	Community Insurance Corporation	Semi-Annual
<b>Excess Work Comp:</b>	Community Insurance Corporation	Semi-Annual
<b>Agency Fee</b>	Marsh & McLennan Agency	Annual

## Named Insureds

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City of Superior

## Location Schedule

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LOCATION #	ADDRESS
001-001	PER STATEMENT OF VALUES ATTACHED.



## Property

<b><u>POLICY LIMITS</u></b>	<b>LIMIT</b>
Policy Limit – Total Insured Value Per Statement of Values	163,848,125
Building, Personal Property & PIO – Per Occurrence	Included Above
Contractors Equipment – Per Occurrence	Included Above

<b><u>STATEMENT OF VALUES ATTACHED.</u></b>	<b>LIMIT</b>
Building	\$116,777,664
Business Personal Property	\$15,337,860
Property in the Open	\$15,993,676
Scheduled Contractors Equipment	\$15,738,925

<b>INLAND MARINE/MISCELLANEOUS PROPERTY</b>	<b>LIMIT</b>
Golf Courses	Included
Pier & Wharf	Included
Bridges	Included
Fine Arts	Included
Builders Risk – 120 Days (Project with higher limit or construction period to be written separately)	\$2,000,000

<b>ADDITIONAL COVERAGES</b>	<b>LIMIT</b>
Personal Property of Others	\$5,000
Pollution Cleanup & Removal (Annual Aggregate)	\$250,000
Earthquake	\$10,000,000
Electronic Data Processing Equipment, Including Data & Media	\$1,000,000
Extra Expense	\$5,000,000
Communication Systems (Unless Inventoried & Scheduled)	\$50,000
Flood	\$5,000,000
Fine Arts/Collective Items (Unless Inventoried & Scheduled)	\$50,000
Fungus, Wet/Dry Rot and Bacteria	\$15,000
<ul style="list-style-type: none"> <li>• Extra Expense – 30 Days</li> <li>• Business Income &amp; Rental – 30 Days</li> </ul>	
Business Income and/or Rental Values	\$5,000,000
Ordinance or Law	Included
Accounts Receivable	\$1,000,000

<b>ADDITIONAL COVERAGES - Continued</b>	<b>LIMIT</b>
Valuable Papers	\$1,000,000
Property in Transit	\$50,000
Newly Constructed or Acquired Property (120 Days)	\$2,000,000

# Property

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**COVERAGE:**

Coverage is provided on a Special Cause of Loss basis subject to all Policy Conditions, Limitations and Exclusions.

<b>DEDUCTIBLE:</b>	\$5,000	Property, Contractors Equipment Piers/Wharfs
	\$1,000	Golf Courses
<b>WAITING PERIOD:</b>	24 Hours	Extra Expense
<b>PROPERTY VALUATION:</b>		Replacement Cost
<b>COINSURANCE:</b>	Waived	Building, Business Personal Property, Property in the Open & Scheduled Contractors Equipment

**COVERAGE EXCLUSIONS/LIMITATIONS** *Please refer to your policy for a complete list of Exclusions/Limitations the apply.*

NOTE: The Insured is responsible for verifying their property limits are accurate and sufficient.

## Equipment Breakdown

<b><u>POLICY LIMITS</u></b>	<b><u>LIMIT</u></b>
Equipment Breakdown Limit	\$100,000,000
Property Damage	Included
Business Income	Included
Extra Expense	Combined with BI/EE
Civil Authority	Included
Contingent Business Income	\$1,000,000
Data Restoration	\$1,000,000
Demolition	\$1,000,000
Expediting Expenses	\$1,000,000
Green	\$25,000
Hazardous Substances	\$1,000,000
Mold	\$25,000
Newly Acquired Locations	Included for Property Damage Only
Off Premise Equipment Breakdown	\$1,000,000
Ordinance or Law	\$1,000,000
Perishable Goods	\$250,000
Public Relations	\$5,000
Service Interruption	\$1,000,000

<b><u>DEDUCTIBLES</u></b>	<b><u>LIMIT</u></b>
Direct Damage	\$5,000
- Except Transformers	1.50 Per KVA, \$5,000 Minimum
- Except ICE/Generator Units	\$25.00 / Horsepower, \$5,000 Minimum
Indirect	24 Hours
Covered Property does NOT Included plastic media used in trick filters or other sewage processing equipment.	

## Crime - Travelers

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<b>COVERAGE</b>	<b>LIMIT</b>	<b>DEDUCTIBLE</b>
Employee Dishonesty – Per Loss	\$1,000,000	\$5,000
Forgery Or Alteration	\$1,000,000	\$5,000
Theft, Disappearance & Destruction – Money & Securities		
Inside The Premises	\$1,000,000	\$5,000
Outside The Premises	\$1,000,000	\$5,000
Computer Fraud	\$1,000,000	\$5,000
- Computer Program & Electronic Data Restoration Expense	\$100,000	
Funds Transfer Fraud	\$1,000,000	\$5,000
Money Orders & Counterfeit Money	\$1,000,000	\$5,000
Claim Expense	\$5,000	\$0
Faithful Performance of Duty Included		
Social Engineering Fraud Endorsement – Sublimit Applies		
Telecommunication Fraud Endorsement – Sublimit Applies		
Treasurers & Tax Collectors Endorsement Included		
Employees Required to be Bonded by Statute - Excluded		

## Municipal Liability

COVERAGE - OCCURRENCE FORM	LIMIT
Limit – Each Occurrence	\$10,000,000
No Liability Aggregate Applies, <u>Except for Cyber Coverage</u>	
Deductible – Per Occurrence	\$50,000
Deductible – Aggregate	\$150,000
<p>Coverage Includes:</p> <ul style="list-style-type: none"> <li>• General Liability</li> <li>• Auto Liability</li> <li>• Public Officials E&amp;O</li> <li>• Fire/Police Professional Liability</li> <li>• Employment Practices Liability</li> </ul>	
<p>Coverage Benefits:</p> <ul style="list-style-type: none"> <li>• No Coverage Sublimits (Except, Cyber Coverage)</li> <li>• No Fault Coverage as Offered by Many Carriers is Contrary to State Statute</li> <li>• Coverage for Defense is Outside Policy Limits.</li> <li>• Prior Acts Coverage</li> <li>• Sewer Backup – Covered when the Municipality is Negligent &amp; Liable for Damages. There is No Sublimit.</li> </ul>	
<p>Liability Coverage Includes Broad Definition of Personal Injury Including:</p> <ul style="list-style-type: none"> <li>• False Arrest</li> <li>• Malicious Prosecution</li> <li>• Wrongful Entry or Eviction, or Other Invasion of the Right of Privacy.</li> <li>• Libel, Slander or Defamation of Character.</li> <li>• Assault &amp; Battery, Sexual Harassment, including Workplace Harassment.</li> <li>• Discrimination or other Civil Rights Violation, including Employment Discrimination.</li> <li>• Other Civil Rights Violations, Including Employment Discrimination.</li> <li>• Sexual Harassment.</li> </ul>	
<p><b>NON-MONETARY DAMAGES</b>                      Injunctive Actions Requesting Plaintiff’s Attorney’s Fees As Monetary Damages Are A “Trigger” Of Coverage.</p>	

## Municipal Liability - Continued

CYBER INCLUDED	SUBLIMIT
<b>Liability</b> – Each Claim <ul style="list-style-type: none"> <li>• Data &amp; Network Liability</li> <li>• Regulatory Defense &amp; Costs</li> <li>• Payment Card Liability &amp; Costs</li> <li>• Media Liability</li> </ul>	\$1,000,000 \$50,000 \$50,000 \$1,000,000
<b>First Party Loss</b> – Each Incident <ul style="list-style-type: none"> <li>• Business Interruption Loss</li> <li>• Cyber Extortion Loss</li> <li>• Data Recovery Costs</li> <li>• Reputation Loss</li> </ul>	\$500,000 \$500,000 \$500,000 \$500,000
<b>ECrime</b> – Limits – Each Loss, Except as Stated Below <ul style="list-style-type: none"> <li>• Fraudulent Instruction</li> <li>• Funds Transfer Fraud</li> <li>• Telephone Fraud</li> <li>• Criminal Reward</li> <li>• Breach Response Aggregate Limit of Coverage – Each Incident</li> </ul>	\$500,000 \$500,000 \$500,000 \$25,000 \$1,000,000
<b>CYBER COVERAGE AGGREGATE APPLIES</b>	<b>\$1,000,000</b>
Deductible – Each Claim	\$50,000
Claims Made Retroactive Date – Pending Confirmation	

## Automobile Physical Damage

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COVERAGE	VEHICLES COVERED	LIMIT
Physical Damage	Limit	\$14,464,262
Comprehensive Coverage	Per Schedule on File	\$5,000
Collision Coverage	Per Schedule on File	\$5,000

**VALUATION: Actual Cash Value**



# Automobile

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**COVERED AUTOS:**

YEAR	MAKE	MODEL	VIN #	GARAGE LOCATION	COMP DED	COLL DED
			SEE ATTACHED			

NOTE: Mobile Equipment that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state it is licensed or garaged is now deemed an auto and must be scheduled under the Automobile Policy.

# Excess Workers' Compensation

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## **BUNDLED EXCESS WORKERS COMPENSATION**

- Excess Coverage
- Claim Services
- Loss Control Services

Excess Workers Compensation Coverage: Included

Loss Fund: Replenished as Needed

Self-Insured Retention: \$100,000 per Occurrence  
\$500,000 Aggregate

Included Services: Program Administration  
Account Management  
Loss Fund Accounting  
Full Third Party Claims Administration (No Per Claim Fees)  
Community Insurance Corporation Care Line  
Loss Control,  
Safety Training & Consultation

Audited: NOT Audited

**STATES:** WI

### **ESTIMATED PAYROLLS:**

STATE	CODE	CLASSIFICATION	2023 PAYROLL
WI	5507	Road Construction	3,860,697
WI	7704	Fire Fighters	2,910,685
WI	7710	Civil Defense	IF Any
WI	7720	Police Officers	4,338,973
WI	8810	Clerical	5,335,679
WI	9412	Municipal Operators	2,275,890

## Terrorism Risk Insurance Act

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Effective November 26, 2002, Terrorism coverage provided by the Terrorism Risk Insurance Act of 2002 (TRIA) was made available in your policy(ies). In 2007, the federal government signed the version that was passed by the Senate and House. The bill eliminates the distinction between foreign and domestic acts of terrorism and otherwise keeps the program in tact under roughly its current terms through December 31, 2027.

The premium charged for the terrorism coverage is outlined below:

COVERAGE	PREMIUM
Property	Included
Municipal Liability	Pending Confirmation
Inland Marine	Included
Workers' Compensation (Cannot reject coverage)	Pending Confirmation

- ▶ With the exception of Workers' Compensation, the Act gives you the right to reject the offer of terrorism coverage. You may waive such coverage by signing a written statement.

(See Affirmation Waiver from insurance company.)

- ▶ The Terrorism Risk Insurance Program Reauthorization Act (TRIPRA) retains most of the provisions of the original program, however, the following coverages are not included under the federal program.
  - Commercial Automobile, Garage Liability, Dealer's Blanket, Professional Liability Surety/Crime, Burglary & Theft and Farm Owner's Multi-Peril.

**NOTE:**

- ▶ Actual coverage provided by your policy for acts of terrorism, as defined in the Terrorism Insurance Act of 2015 are limited by the terms, conditions, exclusions, limits, other provisions of your policy, and/or any endorsements to the policy and are subject to applicable laws.

## Minimum Earned & Deposit Premiums

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We are providing clarification of the following terms as they are often misunderstood.

### Minimum and Deposit

This is the amount of premium due at inception. Although the policy is “ratable” that is, subject to adjustment based on a rate per exposure unit, under no circumstances will the annual earned premium be less than the minimum premium. In other words, the policy may generate an additional premium on audit, but not a return.

If such a policy is cancelled mid-term, the earned premium is the greater of the annual minimum multiplied by the short rate or pro-rate factor, or the actual earned as determined by audit, subject to a short rate penalty if applicable.

### Minimum Earned Premium

A minimum earned premium endorsement can be attached to either a flat charge policy or an adjustable policy. In either case, this amount is the least that will be retained by the carrier once the policy goes into effect. The amount retained would be the greater of the actual earned premium whether calculated on a pro-rate or short-rate basis, or the minimum earned premium.

### Flat Cancellations

Surplus lines carriers almost never allow flat cancellations. Once the policy is in effect, some premium will be earned.

## Credit Policy

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Marsh & McLennan Agency strives to offer the highest quality of service at the most competitive price possible. Accordingly, we have the following credit policy in place to assure that your coverage is not interrupted during the policy term.

- All premiums are due on the invoice date or effective date of the insurance, whichever is later. Always submit the remittance copy with your payment. If a remittance copy is not submitted, we will apply the cash to the oldest item on the account. Also, credit memos that cannot be applied against the original invoice will be applied to the oldest items on the account unless you direct us otherwise.
- If installment payments are available and provided under insurance policy terms, you will receive an invoice for each installment. Installments are due on the effective date of the invoice. Marsh & McLennan Agency does not finance annual or installment premiums. However, should you wish to finance your premium, we can place your financing with an approved insurance premium finance company.

Your Service Team maintains the on-line access to all of your coverage, premium and accounting detail and will be able to answer most billing questions. Any other questions will be referred directly to our accounting department for immediate response. We thank you for your support and business.

## Compensation Disclosure & Limitation of Liability

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Marsh & McLennan Agency LLC (“MMA”) prides itself on being an industry leader in the area of transparency and compensation disclosure. We believe you should understand how we are paid for the services we are providing to you. We are committed to compensation transparency and to disclosing to you information that will assist you in evaluating potential conflicts of interest.

As a professional insurance producer, MMA and its subsidiaries facilitate the placement of insurance coverage on behalf of our clients. As an independent insurance agent, MMA may have authority to obligate an insurance company on behalf of our clients and as a result, we may be required to act within the scope of the authority granted to us under our contract with the insurer. In accordance with industry custom, we are compensated either through commissions that are calculated as a percentage of the insurance premiums charged by insurers, or fees agreed to with our clients.

MMA engages with clients on behalf of itself and in some cases as agent on behalf of its non-US affiliates with respect to the services we may provide. For a list of our non-US affiliates, please visit: <https://mma.marshmma.com/non-us-affiliates>. In those instances, MMA will bill and collect on behalf of the non-US Affiliates amounts payable to them for placements made by them on your behalf and remit to them any such amounts collected on their behalf.

MMA receives compensation through one or a combination of the following methods:

- **Retail Commissions** – A retail commission is paid to MMA by the insurer (or wholesale broker) as a percentage of the premium charged to the insured for the policy. The amount of commission may vary depending on several factors, including the type of insurance product sold and the insurer selected by the client.
- **Client Fees** – Some clients may negotiate a fee for MMA’s services in lieu of, or in addition to, retail commissions paid by insurance companies. Fee agreements are in writing, typically pursuant to a Client Service Agreement, which sets forth the services to be provided by MMA, the compensation to be paid to MMA, and the terms of MMA’s engagement. The fee may be collected in whole, or in part, through the crediting of retail commissions collected by MMA for the client’s placements.
- **Contingent Commissions** – Many insurers agree to pay contingent commissions to insurance producers who meet set goals for all or some of the policies the insurance producers place with the insurer during the current year. The set goals may include volume, profitability, retention and/or growth thresholds. Because the amount of contingent commission earned may vary depending on factors relating to an entire book of business over the course of a year, the amount of contingent commission attributable to any given policy typically will not be known at the time of placement.

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- **Supplemental Commissions** – Certain insurers and wholesalers agree to pay supplemental commissions, which are based on an insurance producer’s performance during the prior year. Supplemental commissions are paid as a percentage of premium that is set at the beginning of the calendar year. This percentage remains fixed for all eligible policies written by the insurer during the ensuing year. Unlike contingent commissions, the amount of supplemental commission is known at the time of insurance placement. Like contingent commissions, they may be based on volume, profitability, retention and/or growth.
- **Wholesale Broking Commissions** – Sometimes MMA acts as a wholesale insurance broker. In these placements, MMA is engaged by a retail agent that has the direct relationship with the insured. As the wholesaler, MMA may have specialized expertise, access to surplus lines markets, or access to specialized insurance facilities that the retail agent does not have. In these transactions, the insurer typically pays a commission that is divided between the retail and wholesale broker pursuant to arrangements made between them.
- **Other Compensation & Sponsorships** – From time to time, MMA may be compensated by insurers for providing administrative services to clients on behalf of those insurers. Such amounts are typically calculated as a percentage of premium or are based on the number of insureds. Additionally, insurers may sponsor MMA training programs and events.

We will be pleased to provide you additional information about our compensation and information about alternative quotes upon your request. For more detailed information about the forms of compensation we receive please refer to our Marsh & McLennan Agency Compensation Guide at <https://www.marshmma.com/us/compensation-guide.html>.

MMA’s aggregate liability arising out of or relating to any services on your account shall not exceed ten million dollars (\$10,000,000), and in no event shall we be liable for any indirect, special, incidental, consequential or punitive damages or for any lost profits or other economic loss arising out of or relating to such services. In addition, you agree to waive your right to a jury trial in any action or legal proceeding arising out of or relating to such services. The foregoing limitation of liability and jury waiver shall apply to the fullest extent permitted by law.

*Rev May 26, 2022*

## Disclaimer

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No coverage is provided by this summary, nor can it be construed to replace any provision of the policy. Refer to the actual policy for complete information on the coverages provided. If there is a conflict between the policy and this summary, the provisions of the policy shall govern.

This proposal contains a brief outline of coverages and not a complete explanation of insurance being presented. It is intended to provide a summary of coverage for your review. Only the policy itself can provide a detailed description of the terms conditions, exclusions and endorsements of coverage. A complete specimen policy form will be made available upon your request. For details of coverage refer to the policy itself when issued. This document is neither a binder nor a legal interpretation of the insurance coverage.

In evaluating your exposures to loss, we are dependent upon information provided by you. You ultimately choose the values elected. If there are any areas that need to be evaluated prior to binding coverage, or should any of your exposures change after coverage is bound, such as the beginning of new operations, hiring employees in new states, buying additional property, autos, equipment, etc., please let us know so coverage can be discussed. While we will strive to place your insurance with reputable, highly rated companies, we cannot guarantee the financial stability of an insurance company.

In order to ensure that your important changes are properly communicated, please contact us as questions arise and or exposure changes occur. We must discuss how they affect your insurance program.

The changes in exposure that have an impact on your insurance program include, but are not limited to, those listed below:

1. Changes to any operation such as expansion to another state, new products, etc.
2. Mergers and/or acquisitions of new companies
3. Any assumed contractual liability, granting of indemnities, or hold harmless agreements
4. Circumstances which may require an increase in liability insurance limits
5. Any changes to fire or theft protection, such as installation or disconnection of sprinkler system, burglar alarms, etc. This includes alterations to same.
6. Any changes to scheduled equipment such as contractors' equipment, computer equipment, etc.
7. Property, of yours that is in transit, unless we have previously arranged for this insurance.
8. Any changes in existing premises including vacancy, whether temporary or permanent, alterations, demolition, etc. Also, any new premises purchased, constructed, or occupied.
9. Any new exposures or plans for foreign travel or operations

Your insurance program will only be as good as the communication between your organization and Marsh & McLennan Agency.



# Best Financial Ratings

COMPANY	A.M. BEST RATING	WEBSITE	RATING DATE
Accident Fund	A XIII	www.accidentfund.com	11/5/2020
Acuity	A+ XV	www.acuity.com	1/14/2021
Affiliated FM Insurance Co.	A+ XV	www.affiliatedfm.com	1/8/2021
Allied Insurance Group	A+ XV	www.alliedinsurance.com	12/17/2020
American Compensation Ins Co. (RTW)	A- XII	www.rtw.com	7/14/2021
American Interstate	A IX	www.amerisafe.com	6/24/2021
Capitol Indemnity	A IX	www.capitolindemnity.com	10/29/2020
AXA XL / Catlin	A+ XV	www.xlcatlin.com	9/17/2021
AIG	A XV	www.aig.com	10/7/2021
Chubb	A++ XV	www.chubb.com	12/17/2020
Cincinnati Insurance Company	A+ XV	www.cinfin.com	1/27/2021
CNA	A XV	www.cnacentral.com	7/8/2021
Community Insurance Corporation	Not Rated	www.communityinsurancecorporation.com	N/A
Continental Western	A+ XV	www.continentalwestern.com	5/27/2021
Crum & Forster	A XIV	www.cfins.com	7/14/2021
Dakota Truck Underwriters (member of Dakota Group)	A- VII	www.rascompanies.com	7/21/2021
EMC	A XIV	www.emcinsurance.com	12/11/2020
Fidelity & Deposit of Maryland	A+ XV	www.zurichna.com	10/1/2021
Firemans Fund	A+ XV	www.firemansfund.com	10/8/2021
Hanover	A XV	www.hanover.com	6/17/2021
Harleysville	A+ XV	www.harleysvillegroup.com	12/17/2020
Hartford	A+ XV	www.thehartford.com	7/29/2021
Hartford Steam Boiler	A++ X	www.hsb.com	8/8/2021
Indiana Insurance (member of Liberty Mutual)	A XV	www.indiana-ins.com	6/29/2021
Indiana Lumbermens Mutual	A- VIII	www.plmilm.com	5/20/2021
Intact	A+ XV	www.intactspecialty.com	4/22/2021
Lexington	A XV	www.aig.com	10/7/2021
Liberty Mutual	A XV	www.libertymutualgroup.com	6/29/2021
Markel	A XV	www.markelcorp.com	9/15/2021
Medmarc	A XIII	www.medmarc.com	3/16/2021
Pennsylvania Lumbermens Mutual	A- VIII	www.plmins.com	5/20/2021
Philadelphia	A++ XV	www.phly.com	12/10/2020
QBE	A XV	www.qbena.com	3/11/2021
SFM	A- VIII	www.sfmic.com	3/3/2021
Society Insurance	A- VIII	www.societyinsurance.com	6/10/2021
Travelers	A++ XV	www.travelers.com	11/4/2021
United Fire & Casualty	A X	www.ufginsurance.com	12/17/2020
United Heartland (see Accident Fund)	A XIII	www.accidentfund.com	11/5/2020
Virginia Surety	A XIV	www.assurant.com	7/22/2021
Wausau (member of Liberty Mutual)	A XV	www.wausau.com	6/29/2021
West Bend Mutual Insurance/NSI	A XIV	www.thesilverlining.com	6/3/2021
Western National Mutual Insurance Company	A+ X	www.wnins.com	7/22/2021
Westfield National Insurance Company	A XV	www.westfieldinsurance.com	1/12/2021
Zurich	A+ XV	www.zurichna.com	10/1/2021

**Secure Best's Ratings Scale**

A++ and A+	Superior
A and A-	Excellent
B++ and B+	Very Good

**Vulnerable Best's Ratings**

B and B-	Fair
C++ and C+	Marginal
C and C-	Weak
D	Poor

**Financial Size Category (per million)**

FSC I less than 1	FSC V 10 to 25	FSC IX 250 to 500	FSC XIII 1,250 to 1,500
FSC II 1 to 2	FSC VI 25 to 50	FSC X 500 to 750	FSC XIV 1,500 to 2,000
FSC III 2 to 5	FSC VII 50 to 100	FSC XI 750 to 1,000	FSC XV greater than 2,000
FSC IV 5 to 10	FSC VIII 100 to 250	FSC XII 1,000 to 1,250	



Marsh & McLennan Agency, LLC  
332 W. Superior St., #700  
Duluth, MN 55802  
+1 218-722-7753