



Memorandum

Date: 10/4/2022
Meeting of: City Council

File No. AM No. 22-146
Type: Consent Item

TO: Members of the City Council
FROM: Mayor Angela Birney
DEPARTMENT DIRECTOR CONTACT(S):

Finance	Chip Corder	425-556-2189
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DEPARTMENT STAFF:

Finance	Irene Banschbach	Risk & Safety Program Coordinator
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TITLE:

Adoption of a Resolution to Accept Membership into the Cities Insurance Association of Washington (CIAW) through an Interlocal Agreement

- a. Resolution No. 1562: A Resolution of the City Council of the City of Redmond, Washington, Approving Membership in the Cities Insurance Association of Washington (CIAW) and the Bylaws and Interlocal Agreement of the CIAW

OVERVIEW STATEMENT:

The City is exposed to various risks of loss such as theft, damage, destruction of assets, errors & omissions, injuries or property damage to others, employees' health, and natural disasters. The City is self-insured up to specific dollar limits, utilizing commercial insurance for claims in excess of these specific dollar limits.

Over the past 12 years the City has renewed its insurance policies including commercial, general liability, buildings, auto, and umbrella policies with Travelers Indemnity Company. This year Travelers declined to renew Redmond's suite of liability insurance policies for two reasons. One, Washington state does not have personal injury limits. Two, the City had a large settlement in 2022 on a police officer involved shooting case. Up to this point Redmond was the only city in Washington state that Travelers insured.

After a robust solicitation process, the City replaced Travelers with CIAW, a public entity risk program that provides comprehensive property and liability coverage. CIAW was created with the purpose of sharing risk and creating buying power for its members. Currently, CIAW has over 200 members, including 63 Washington cities. Prior to its 12-year relationship with Travelers, Redmond was a member of CIAW.

A Board of Directors, which is elected by the membership, governs the CIAW. The Board, in turn, contracts with a third-party administrator, Clear Risk Solutions, to carry out the day-to-day administrative, claims and risk management services.

Attachment A is a resolution approving membership in the CIAW. Attachment B is an interlocal agreement with CIAW.

Attachment C is an insurance premium cost comparison between the 9/1/21 - 8/31/22 (Travelers) and 9/1/22 - 8/31/23 (CIAW) coverage periods. Overall, the total insurance premiums are increasing \$1,135,002 (112.1%).

Additional Background Information/Description of Proposal Attached

REQUESTED ACTION:

Receive Information **Provide Direction** **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
N/A
- **Required:**
- RCW Chapter 48.62 - provides that two or more “local government entities” may, pursuant to RCW 39.34 jointly purchase insurance (referred to as a “Joint Insurance Purchasing Pool”)
- RCW Chapter 48.62.020 - defines “local government entities” to include cities and towns organized and existing under Title 35 or 35A RCW along with certain districts and municipal corporations.
- RMC Chapter 3.80.10 Insurance Claims and Reserve Fund - provides for the consolidation of insurance premiums, claims and reserves into a single fund.
- **Council Request:**
N/A
- **Other Key Facts:**
Approval of the resolution is required for the City of Redmond to become a CIAW member through an Interlocal Agreement.

OUTCOMES:

Upon adoption of the resolution, the City will become a member of CIAW for the 9/1/22 through 8/31/23 coverage period.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
N/A
- **Outreach Methods and Results:**
N/A
- **Feedback Summary:**
N/A

BUDGET IMPACT:

Total Cost:

The total insurance premium cost for the 9/1/22 through 8/31/23 coverage period (see Attachment C) is \$2,147,674.

This excludes an additional premium for Cyber Liability, which will be forthcoming as the November 29, 2022 renewal date approaches.

Approved in current biennial budget: Yes No N/A

Budget Offer Number:

N/A

Budget Priority:

N/A

Other budget impacts or additional costs: Yes No N/A

If yes, explain:

Staff will prepare a budget adjustment for the 2021-2022 biennium, which will be reviewed by the Finance, Administration, and Communications Committee of the Whole on October 11, 2022, and submitted for Council approval on the October 18, 2022 consent calendar.

Funding source(s):

General Fund surplus from the 2021-2022 biennium will be used to cover the additional cost from 9/1/22 through 12/31/22.

Budget/Funding Constraints:

N/A

Additional budget details attached

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
9/20/2022	Committee of the Whole - Public Safety and Human Services	Provide Direction

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
N/A	None proposed at this time	N/A

Time Constraints:

Time is of the essence as membership in the CIAW is a requirement to participate in its joint insurance purchasing pool.

ANTICIPATED RESULT IF NOT APPROVED:

If Council does not approve the resolution, the city would have no financial protection for significant claims in excess of its current self-insured limits.

ATTACHMENTS:

- Attachment A: Resolution
- Attachment B: CIAW Interlocal Agreement
- Attachment C: Insurance Premium Comparisons

