

## Overview

The City of Milwaukee currently insures its Property and Hull exposures with the Local Government Property Insurance Fund (LGPIF), and its Equipment Breakdown exposure with Hartford Steam Boiler Inspection and Insurance Company (HSB). Hays Companies has proposed insuring the City of Milwaukee's Property and Equipment Breakdown exposures with American Home Assurance Company (AIG). In addition, Hays and the City have reviewed options for insuring vessel hull coverage. In light of the City's current risk retention strategy on similar and more costly assets, it is recommended that the City consider self-insuring the vessel hull exposure. This proposed new program offers a number of advantages.

## New program advantages

- Over \$50,000 in lower cost when self-insuring the vessel hull exposure
- First renewal includes a flat rate guarantee (if loss ratio is below 50% and there is no material change)
- Addition of Earth Movement coverage - \$100 million limit
- Addition of Flood coverage - \$5 million high hazard zones and \$50 million non-high hazard zones
- Addition of coverage for underground water seepage and sewer and drain backup into insured buildings – policy limit of \$1 billion
- Increases coverage for Mold from \$15,000 to \$500,000
- Pollutant cleanup and removal from land and water – increased limit from \$10,000 to \$250,000
- Building Foundations are not “Excluded Property”
- Increases Ordinance or Law coverage for the undamaged portion of a building from \$2 million to \$1 billion (where an ordinance or law requires that the undamaged portion of a building be demolished, this insures the value of that undamaged portion of the damaged building)
- Increases Ordinance or Law coverage for required demolition expenses and for increased cost of construction from \$2 million to \$10 million
- Coverage for Fire Department Service Charge increased from \$5,000 to \$500,000
- Coverage for Outdoor Property increased from \$5,000 to \$1,000,000
- Insures the costs to prove a loss up to \$250,000 (such as the fees for a forensic accountant)