



PHOENIXIDA

Item 5



MEMORANDUM

DATE: April 18, 2024
TO: Members, Board of Directors
FROM: Murray Boess, Chief Financial Officer
SUBJECT: Annual Phoenix IDA Liability Insurance Policies

The Phoenix IDA's \$10 million Errors and Omissions Liability policies and the \$6 million General Liability and Non-Owned and Hired Auto policies expire on April 26, 2024. The Premium and Executive Summaries for each policy prepared by our broker, USI Insurance Services (USI), is attached. The full USI proposal is available for review upon request.

EXECUTIVE LIABILITY

The Phoenix IDA carries Directors and Officers (D&O) liability insurance, Employment Practices Liability (EPL) insurance, and Errors and Omissions (E&O) coverage due to the Phoenix IDA's scope of business that includes decisions on loan collateral, loan participations and other transactions. E&O covers wrongful acts related to professional services rendered by the organization, while D&O covers general management decisions.

Current coverage is provided to a \$5 million limit by AXA XL/Indian Harbor, with \$15,000 retention (deductible) and excess coverage for an additional \$5 million by RSUI/Landmark American (RSUI). Renewal quotes were obtained for the same type and level of coverage.

The total quote for the combined coverage is \$31,002.31, which is \$1,098.98 less than the expiring coverage premium. USI states that the premium "decreased due to the decrease in revenue". The policies from AXA XL/Indian Harbor and RSUI are available for review upon request.

GENERAL LIABILITY

In April 2019, the Board approved an increase in general liability coverage to \$5 million per occurrence and \$6 million in aggregate. Such levels have been maintained to date through a base liability policy providing per occurrence/aggregate coverages of \$1 million/\$2 million, along with an excess liability policy providing per occurrence/aggregate coverages of \$4 million/\$4 million.

General liability, which includes real property endorsements for 2201 East Camelback Road (IDA's office space with the Arizona Community Foundation), as well as employee benefits, and auto insurance coverage, is provided by Evanston with excess liability coverage provided by Markel. The automobile coverage is for Non-Owned and Hired Auto, for claims above the driver's own insurance coverage (employees only), up to \$1 million while driving "in the course of business."

The total quote for this combined coverage at the current level is \$4,411.80, which is \$406.60 more than the expiring coverage premium, as “liability premiums have been increasing over the past few years”. These policies are also available for review upon request.

Please note that a separate policy quote will be provided shortly for the property at 3101 W McDowell, since it is now “land for development and/or demolition”.

RECOMMENDATION

I recommend approval of the E&O, D&O and EPL coverage offered by AXA XL/Indian Harbor and RSUI, respectfully, plus the General Liability, Employee Benefits, and Non-Owned and Hired Auto offered by Evanston and Markel, respectfully for a total cost of \$35,414.11 for the coming year, an overall decrease of \$692.38. All four insurers exceed USI’s minimum standards for A.M. Best Strength Ratings and financial size as well as having long track records in the industry.

Premium Summary

Coverage	Carrier	AM Best Rating	Billing Type	Admitted or Non-Admitted	Minimum Earned Premium	Expiring Term Premium	Proposed Term Premium
General Liability	Evanston Insurance Company	A XV	Agency Bill	Non-Admitted	25%	\$750.00	\$750.00
Employee Benefits Liab.					25%	350.00	350.00
Hired/Non-Owned Auto					25%	400.00	400.00
Policy Fee					100%	225.00	125.00
Inspection Fee					100%	0	100.00
State Tax					25%	51.74	51.75
Stamping Fee					25%	3.45	3.45
TOTAL						\$1,780.20	\$1,780.20
Excess Liability	Evanston Insurance Company	A XV	Agency Bill	Non-Admitted		\$2,000.00	\$2,400.00
Policy Fee						225.00	150.00
State Tax						0	76.50
Stamping Fee						0	5.10
TOTAL						\$2,225.00	\$2,631.60
Primary Management Liab.	Indian Harbor Insurance Company	A+	Agency Bill	Non-Admitted		\$15,752.00	\$15,027.00
Carrier Policy Fee						245.00	245.00
Policy Fee						600.00	750.00
State Tax						497.91	480.66
Stamping Fee						33.19	32.04
TOTAL						\$17,128.00	\$16,534.70
Excess D & O	Landmark American Insurance Company	A++	Agency Bill	Non-Admitted		\$13,909.00	\$13,269.00
Policy Fee						600.00	750.00
State Tax						435.27	420.57
Stamping Fee						29.02	28.04
TOTAL						\$14,973.29	\$14,467.61
TOTAL ESTIMATED ANNUAL PREMIUM						\$36,106.49	\$35,414.11

Agency Bill: A payment procedure in which USI Insurance Services LLC sends an invoice to the client and the client remits payment directly to USI Insurance Services LLC. *If your policy(ies) is indicated to be Agency bill you will receive an invoice from USI, and payment can be remitted electronically per instructions below:*

- Visit the ePayPolicy portal located at <https://usi.epaypolicy.com/>. Payment can be remitted using ACH Debit or credit card.
- Enter your Client Code – **INDUSDEV9** and Zip Code – **85064**
- ACH processing is free of charge, but a 3.25% fee is charged for all credit card payments.
- You will receive an e-receipt when payment has been made. Please email a copy of the receipt to your agent or account manager.

Premium Financing: A payment agreement in which the insured uses borrowed money to pay for insurance premiums. Finance agreements are used for Agency Billed policies to pay insurance premiums on an installment basis, vs having to pay the premium in full. If this is an option you are interested in, please contact your service team for a premium finance quote.

Executive Summary

Thank you for the privilege of representing The Industrial Development Authority of the City of Phoenix, Arizona for its' insurance needs. In this Summary we highlight some, but not all, of the key points for consideration. These points may or may not reflect items that you believe have the greatest merit and we encourage you to review the entire proposal.

General Liability / EBL and Hired & Non-Owned Auto

1. Carrier will not continue covering vacant land at 3101 W McDowell, since it is now "land for development and/or demolition." We are looking at quoting a separate policy.
2. General Contractor and Owner should provide a Certificate of Insurance naming IDA as additional insured.
3. The renewal premium on the expiring coverage is at the minimum premium is \$1,500 for the 2024 renewal term – not including fees/taxes.
4. Excess Liability does have a slight increase in premium.
5. Excess Liability premiums have been increasing over the past few years.

Executive Management Liability with Employment Practices Liability

1. The Primary D&O/EPL Carrier – Indian Harbor - XL Landmark American. (Both same as expiring)
2. The combined pure premium for the Indian Harbor/ Landmark American has decreased due to the decrease in revenue.
3. Given the municipality exposure the markets are very limited for this type of exposure, specifically for this line of coverage.
4. There is an explicit exclusion (by endorsement) for Cyber.
5. The Indian Harbor policy provides **defense costs outside in addition to** the limit of liability.
6. The Indian Harbor policy retentions are same as expiring, no changes.
7. Indian Harbor and RSUI are non-admitted companies. They are approved Excess & Surplus Lines companies and as such, there would be no financial guaranty funds available, as is the case with admitted firms.

In order to bind coverage, USI Insurance Services requires:

1. Completed and signed Hired and Non-Owned Liability Supplemental Application, see separate attachment.
2. Completed and signed Landowners Program Supplement, see separate attachment.
3. Signed and dated AM Disclosure Form, page 10.
4. Completed, signed and dated Client Authorization to Bind form, Page 13.
5. Two Terrorism Acceptance/Rejection Form(s) with your election, see separate attachment.
6. Check made payable to **USI Insurance Services, LLC**. The Check can be mailed to the address below or you have the option to pay online. Below are the instructions:
 - The ePayPolicy portal is located at usi.epaypolicy.com.
 - Clients have the option to pay their bills electronically using ACH debit or a credit card.
 - Clients will enter their USI Sagitta client code (INDUSDEV9) and zip code (85064) in the portal, which will provide a listing of open items. Without a valid Sagitta code and the correct zip code, payment cannot be processed.
 - **ACH processing is free of charge, but a 3.25% fee is charged to clients for all credit card payments.**
 - Clients will receive an e-receipt when their payment is made. (Please e-mail me a copy of the receipt.)
 - ePayPolicy is a secure, PCI-Level 1 Compliant solution, which means that it adheres to Payment Card Industry Standards (PCI) for merchants.

Let us know if you have any questions and thank you for your business.