

Joan Davies

To: Ron Cutter
Subject: RE: Follow up

From: Ron Cutter [<mailto:rcutter@bbnw.com>]
Sent: Tuesday, September 13, 2016 8:45 AM
To: Joan Davies
Cc: Wendy DiChiara
Subject: Follow up

Hi Joan,

I looked at your premiums and worst case, if we were appointed your agent your premiums would go up by 10% on the Property/Liability lines and 5% on Work Comp. This would be \$3,439 and \$1,983 respectively. However as we discussed, I believe we can do much better than the worst case in keeping the increases to a minimum since CIS prefers you work with agents.

A couple of thoughts/observations:

1. I had a meeting a week ago with Scott Moss, who runs the CIS program. One of the topics was what he anticipated for rate increases next year. He thinks members will see a similar increase in 2017 as they saw in 2016 (however its very early to tell). So whether you hire an agent or not, your premiums will be going up a little. Having us on board to help negotiate that would do the City of Yachats well I believe.
2. I noticed you are not purchasing any excess crime coverage. This means your crime (or embezzlement coverage) is only \$50k. I believe this is inadequate. Whether you hire us or not, I would look into procuring additional limits here....it is relatively inexpensive to do so.
3. Your work comp experience mod is 1.98. This is very high. The City is having issues with work comp claims and as a result, you are paying an additional \$21k in workers compensation premium. We can help you get your claims under control and get this number down to where it should be.

I looked at the City of Hines numbers. We are being paid \$3,500 on the Property Liability lines and \$1,100 on the Work Comp lines of coverage. The City of Hines experience mod by the way is a 1.00 – much lower than Yachats. As a result, Hines work comp premiums are \$20k cheaper.

One more thing to reiterate....if you appoint us your agent now (which costs you nothing) and come July the increase is just too much for you to justify, Brown & Brown would just walk away and you go back to procuring your insurance direct from CIS. I am totally okay with that. I believe we will show you that we are worth any additional cost to the City. It's a no risk proposition to the City!

Hope this helps!
Ron

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