

**CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
SEPTEMBER 20, 2011 AGENDA**

Subject:	Type:	Submitted By:
INTERLOCAL COOPERATION AGREEMENT — LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM)	◆ RESOLUTION ORDINANCE RECEIVE/FILE	PAM BUETHE CITY CLERK

SYNOPSIS

A resolution has been prepared to establish that La Vista will continue its participation in the League Association of Risk Management (LARM) the next three years and will agree to provide 180 days notice should it intend to end participation in 2014.

FISCAL IMPACT

The City's participation in LARM has allowed stabilization of property and casualty insurance rates as well as worker's compensation insurance rates. Establishment of a three-year commitment will also provide a 5% discount to La Vista on its current year premiums.

RECOMMENDATION

Approval.

BACKGROUND

The City has been a member of LARM, an insurance pool established under the Intergovernmental Risk Management Act, since 1995. La Vista continues to be satisfied with LARM services and premiums remain stable in comparison to the insurance industry in general.

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA RELATING TO THE TERM OF PARTICIPATION IN THE LEAGUE ASSOCIATION OF RISK MANAGEMENT.

WHEREAS the City of La Vista is a member of the League Association of Risk Management (LARM); and

WHEREAS, section 8.10 of the Interlocal Agreement for the Establishment and Operation of the League Association of Risk Management provides that a member may voluntarily terminate its participation in LARM by written notice of termination given to LARM and the Director of Insurance at least 90 days prior to the desired termination date and that members may agree to extend the required termination notice beyond 90 days in order to realize reduced excess coverage costs, stability of contribution rates, and efficiency in operation of LARM; and

WHEREAS, the Board of Directors of LARM has adopted a plan to provide contribution credits in consideration of certain agreements by members of LARM; and

WHEREAS, the Mayor and City Council have determined that it is in the best financial interest of the City to extend the term of agreement by three years and establish notice of termination terms in order to receive participation discounts.

NOW THEREFORE, BE IT RESOLVED that the Mayor and City Council of the City of La Vista, Nebraska, in consideration of the contribution credits provided under the LARM Board's plan, agrees to provide written notice of termination at least 180 days prior to the desired termination date, which date shall be no sooner than September 30, 2014, and hereby authorize the Mayor to execute the necessary agreements to implement the action authorized herein.

PASSED AND APPROVED THIS 20TH DAY OF SEPTEMBER 2011.

CITY OF LA VISTA

Douglas Kindig, Mayor

ATTEST:

Pamela A. Buethe, CMC
City Clerk



1335 L Street, Suite 200
Lincoln, NE 68508
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Phone: (402) 476-6801
Fax: (402) 476-4089
www.larmpool.org

September 6, 2011

City of La Vista
pbuethe@cityoflavista.org
8116 Park View Boulevard
La Vista, NE 68128-2198

RE: League Association of Risk Management 2011-2012 Renewal Summary

Dear City of La Vista:

We are sending this letter to communicate a summary of your property/casualty renewal information for the 2011-2012 Pool Year. October 1, 2011 marks the beginning of sixteen years of operations for the League Association of Risk Management (LARM). We greatly appreciate the support of each member. As we enter our sixteenth year, we have several new initiatives and enhancements that have occurred over the past year and more that are in the works for the upcoming year. We highlight some of those things below.

To assist you with budgeting for next fiscal year, we offer the following summary of your contribution options with LARM. We are pleased to say that for most members, the decreases in contributions are significant. We have attached a summary which lays out contributions by line with various options related to the term of your commitment to LARM. Once you have selected one of the options and communicated that back to us, we will complete and send your renewal file with the accompanying discounts.

Your current 2010-11 Participation Agreement Discount is: 5 %

2011-12 Contribution Options	180 day notice, 3 year commitment	180 day notice, 2 year commitment	180 day notice only	90 day notice, 3 year commitment	90 day notice, 2 year commitment	90 day notice only
Discount for Commitment	5%	4%	2%	2%	1%	0%
Property & Liability Total	\$ 225,803	\$ 228,180	\$ 232,933	\$ 232,933	\$ 235,311	\$ 237,687
Workers' Compensation Total	\$ 208,487	\$ 210,682	\$ 215,071	\$ 215,071	\$ 217,265	\$ 219,460
Total Coverage Contributions	\$ 434,290	\$ 438,862	\$ 448,004	\$ 448,004	\$ 452,576	\$ 457,147

Sponsored and Administered by the League of Nebraska Municipalities

BOARD OF DIRECTORS: Doug Hanson, Chair, City of Hickman | Robert Rager, Vice Chair, City of Holdrege | Dave Boeckner, City of Scottsbluff
Jan Rise, City of Fremont | James Glover, City of Papillion | Melissa Harrell, City of Wahoo | Jim Hawks, City of North Platte | Sue Moore, City of Imperial
Joe Patterson, City of Hastings | Rita Ramirez, City of La Vista | Jerry Wilcox, City of Crete | Randy Gates, City of Norfolk

EX-OFFICIO BOARD MEMBERS: David Boeckner, LNM President, City of Scottsbluff | L. Lynn Rex, LNM Executive Director

STAFF: Michael Nolan, LARM Executive Director | William Harding, Counsel, Harding & Shultz PC, LLO

As you might or might not be aware, we have been very busy over the past year. We have completed numerous new initiatives. There are several other projects currently under way or on the horizon. The following is a brief summary of program enhancements we've completed over the past year.

Online Renewal

LARM has enabled its members to complete their portion of the renewal process online, including updating exposures for buildings, autos, payroll projections, etc. Hopefully, you've found this process to be more efficient than the hard copy process used in the past. The online process will make the task even more efficient next year when you can see the information submitted for the current year as well. To the extent that nothing has changed, you can simply copy the exposures forward for renewal.

New and Improved Coverage Documents

LARM staff and legal counsel have gone through an extensive process to create new, comprehensive coverage documents for liability and property. We gathered policies from numerous sources, including LARM's competitors, to create "state-of-the-art" coverage. These documents are easier to read than normal insurance policy and all of its endorsements. LARM's coverage documents will expand coverage in many areas and are tailored to meet the unique risk management needs of municipalities in Nebraska. The documents are written broadly enough to preclude the need for endorsements. Even coverage for optional items such as sewer back-up, boiler and machinery, etc. is written into the document. These documents have been filed for approval with the Department of Insurance.

Reduced Rates

Last but not least, LARM will offer reduced rates for the 2011-2012 renewal. The LARM Board and staff, along with LARM's actuary have worked long and hard to develop a more aggressive pricing strategy. We have stripped away contingencies in the rates, making them as aggressive as possible. In addition, the LARM Board has approved the anticipated use of a portion of its surplus to reduce rates. Rather than waiting to distribute surplus in the form of dividends, LARM is reducing its pricing up front. We will continue to base member contributions on exposures and prior claims experience. Members with better than average claims will get even lower effective rates.

On behalf of the Board and staff, LARM appreciates your continued commitment to making it a success. As previously mentioned, we have initiatives planned for the upcoming year to further enhance products and services. Certainly, if you have suggestions for how to improve LARM, YOUR program, please do not hesitate to contact staff or the Board as we welcome your feedback with suggestions for



improvements. We are excited about what we've done as well as what is planned, and are pleased for you to be part of it.

Sincerely,

League Association of Risk Management



JL "Pete" Patterson
Program Manager

Enclosure



League Association of Risk Management

2011-2012 Renewal Resolution

RESOLUTION NO. _____

WHEREAS, The _____ is a member of the League Association of Risk Management (LARM);

WHEREAS, section 8.10 of the Interlocal Agreement for the Establishment and Operation of the League Association of Risk Management provides that a member may voluntarily terminate its participation in LARM by written notice of termination given to LARM and the Nebraska Director of Insurance at least 90 days prior to the desired termination given to and that members may agree to extend the required termination notice beyond 90 days in order to realize reduced excess coverage costs, stability of contribution rates and efficiency in operation of LARM; and

WHEREAS, the Board of Directors of LARM has adopted a plan to provide contribution credits in consideration of certain agreements by members of LARM as provided in the attached letter.

BE IT RESOLVED that the governing body of The _____, Nebraska, in consideration of the contribution credits provided under the LARM Board's plan, agrees to:

- Provide written notice of termination at least 180 days prior to the desired termination date, which date shall be no sooner than September 30, 2014. (**180 day and 3 year commitment; 5% discount**)
- Provide written notice of termination at least 180 days prior to the desired termination date, which date shall be no sooner than September 30, 2013. (**180 day and 2 year commitment; 4% discount**)
- Provide written notice of termination at least 180 days prior to the desired termination date, which date shall be no sooner than September 30, 2012. (**180 day notice only; 2% discount**)
- Provide written notice of termination at least 90 days prior to the desired termination date, which date shall be no sooner than September 30, 2014. (**90 day notice and 3 year commitment only; 2% discount**)
- Provide written notice of termination at least 90 days prior to the desired termination date, which date shall be no sooner than September 30, 2013. (**2 year commitment only; 1%**)

Adopted this _____ day of _____, 2011

Signature: _____

Title: _____

ATTEST: _____

Title: _____

Please email (customerservice@LARMpool.org) or fax (402.476.4089) the completed resolution to LARM.