



March 20, 2024

Town of Lapel
PO Box 999
Lapel, IN 46051

RE: 24-25 Renewal of the Town's insurance

Dear Lapel Town Council and Clerk,

The renewal of the town's insurance is April 1st. This letter summarizes the difference in renewal premium and coverage with Astra and IPEP. We recommend that the town renew with Astra and IPEP for the 2024-2025 term.

We did request a quote from EMC for the Town's liability and property insurance. They declined to provide a quote this year. Last year they provided a quote, however the premium was the same as Astra. It is no surprise that EMC will not provide a quote as we are in what is called a "hard" insurance market. This means that insurance companies are not considering new business or are not offering competitive rates. They are doing this to clean up their books for losses over the past several years. This market trend appears to be industry-wide, not company specific, and certainly not specific to any one customer.

It is becoming common for us to see up to a 20-30% increase on renewals of our other commercial lines of business because of the "hard" market. Fortunately, the town's liability and property policy has only had a small increase due to the increases in coverage we have proposed. The IPEP work comp policy had a reduction in premium.





Renewal Comparison

The table shows a side-by-side comparison of last year’s policies and premiums compared to the renewal. The ’24-’25 renewal will see a premium increase of ~7%. This increase is due to increasing coverage limits on buildings (increases in cost of goods), equipment, and vehicles (new police cruisers).

| | | Current | '24 Renewal |
|--------------|-----------------|------------------|--------------------|
| | Term | 23-24 | 23-24 |
| Ins Company | Package Policy | Astra | Astra |
| | Umbrella/Excess | Astra | Astra |
| | Work Comp | IPEP | IPEP |
| Policy \$/yr | Package Policy | \$ 34,526 | \$ 39,025 |
| | Umbrella/Excess | \$ 1,653 | included |
| | Work Comp | \$ 23,122 | \$ 17,818 |
| | TOTAL | \$ 53,138 | \$ 56,843 |
| | % diff | | 6.97% |

Changes in the renewal include:

- Total building coverage increased 5% from \$6,946,690 to \$7,290,708.
- Includes vehicles that have been added/changed over the past term. Overall value of vehicle fleet increased.
- Law enforcement removed one part time but added one full time person
- Work comp experience modification factor is 0.91, where the baseline is 1.00. This shows that the town is continuing to take action to reduce work place related injury/claims. This also results in overall lower premium as the mod factor is applied to the work comp policy.

Recommendation

We recommend that the town renews insurance with Astra and IPEP for their liability, property, and work comp insurance. The “hard” insurance market makes it difficult to find alternatives that make sense from a cost and coverage standpoint. The historical next best alternative, EMC, declined to provide a quote for this term. They did offer to look at it again next year.

The town should consider cyber liability coverage, per Teresa’s request. This would provide coverage for data loss and/or ransomware. We are currently working with Teresa to get the needed information for a quote. This coverage can then be started once we have a quote. The town has considered this coverage in the past but has declined it. They felt that they could manage it with their data systems and offsite backups. But, with data systems and hackers evolving we recommend having this coverage.

While working with Teresa on the renewal we identified a few potential coverage gaps. We will continue to work with her to present quotes for the town to consider coverage.





1. Add coverage for the police garage at the 720 Ford St Location. The town has opted not to cover this structure in the past. We will quote this and then ask if the town wants coverage on this.
2. We do not currently have contents coverage for the large shop building next to the high school. This would be for anything that is inside the building such as meters, tools, etc. We can add contents coverage to this, we would just need to know the limit. Teresa is currently chasing this down.
3. Add \$88,000 in contents coverage for Town Hall. This would cover computers, desks, chairs, files, etc.

Next Steps

To continue coverage, we will need the following:

1. Signed Renewal Application
2. Signed Terrorism Coverage Form. The town can accept this for an additional \$519 or decline it. The town has had this coverage in the past.
3. Signed Uninsured/Underinsured Motorist coverage form. The town has had this coverage in the past and is included with the quoted total premium. We recommend continuing this coverage as it is necessary if another at-fault party has inadequate insurance limits.

You can ink sign the forms or I can route for e-signatures if that would be easier.

Thank you for allowing our agency to continue to service the Town's insurance needs. We try to make the process simple, easy, and competitive for the Town and its employees.

Sincerely,
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