



STAFF REPORT

AGENDA ITEM #: #22-104
COUNCIL MTG. OF: September 6, 2022
FROM: Dave Caron, Town Administrator
OFFERED BY: Administration
PREPARED BY: Administration
SUBJECT: Primex Contribution Assurance Program

INTRODUCTION:

To receive authorization to enter into agreements for multi-year participation for Property-Liability (P/L) insurance coverage.

TOWN ADMINISTRATOR COMMENTS

Please see comments within this staff report.

BACKGROUND

The Town has been securing its insurance coverages through a risk insurance pool for decades. We propose to enter a three-year commitment from Primex to provide P/L coverage through FY 26. Primex is governed by a Board of local elected and appointed school, county and municipal officers, and has provided coverage to governmental units since 1979.

DISCUSSION

The Town has benefited tremendously from participation in risk pools (the Town secures most of its health coverage through a different risk pool). The pools provide stability, both fiscally (through contribution cap programs) and operationally (risk management services, legal advice on contracts, training, etc.) Additionally, due to spreading losses and risks among all members, pricing is much more stable than private sector insurance, without risk of dropped coverage.

The Contribution Assurance Program sets a cap on potential premium increases; past caps have maxed out at 6-9% annually, with the current cap at 5%.

The Median cost increase for Property-Liability insurance over the last five years has been 4.05%.

FISCAL IMPACT

The Town annually budgets for these coverages in the General Fund, Water and Wastewater Funds. This program provides budget stability which is critical in the Town's tax cap environment.

RECOMMENDED ACTION BY COUNCIL & MOTION

The Council is urged to adopt Resolution #2022-069.

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