



CITY COUNCIL Study Session

March 10, 2025

6:00 PM, Council Chambers - 111 E. Maple Ave.

To view a Council meeting agenda, visit <https://independencemo.portal.civicclerk.com/> and select 'Most Recent Council Agenda'.

PRESENTATIONS

1. AFS Presentation
2. Presentation on Liability Insurance Renewal.
3. Rental Ready Inspections
4. GO Bond Question 2 Overview: Bridges & Culverts

INFORMATION ONLY

1. ***Please Note:*** *In accordance with RSMo. 610.021, the City Council may convene in an Executive Session during or after the meeting, in the Council Chambers and move to Conference Room D for the closed meeting, on matters of litigation, legal action, and/or attorney client communications, as permitted by Sec. 610.021(1), on matters of personnel, as permitted by Sec. 610.021(3) and personnel records, as permitted by 610.021(13), on matters of contracts, as permitted by 610.021(12), on matters of real estate, as permitted by 610.021(2) and/or matters of labor negotiations, as permitted by 610.021(9).*



CITY OF INDEPENDENCE, MISSOURI

MARCH 10, 2025

LIABILITY INSURANCE
APRIL 1, 2025 INCEPTION

RISK MANAGEMENT CONTACTS



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CITY LIABILITY RISK/EXPOSURE

GENERAL LIABILITY

Risk Areas Include

- Premises Liability
- Operations Liability
- Bodily Injury
- Property Damage

Common Claims Include

- Sewer Backups
- Damage Caused by Roadways
- Damage Caused by Mobile Equipment
- Sips/Falls on Public Premises
- Playground Injuries

Key Points

- Defenses under Missouri Sovereign Immunity
- Gross negligence must be proven on the part of the City

CITY LIABILITY RISK/EXPOSURE

EMPLOYMENT PRACTICES LIABILITY

- Currently Part the of the Public Official Liability Terminology of Wrongful Act
- Covered Allegations Can Include:
 - Wrongful Discharge, Dismissal or Termination of Employment
 - Breach of any Written or Implied Employment Contract
 - Employment Discrimination (Including Sexual Harassment)
 - Wrongful Failure to Promote or Employ
 - Wrongful Demotion
 - Wrongful Discipline
 - Wrongful Deprivation of Career
 - Negligent Evaluation
 - Wrongful Retaliation
 - Wrongful Denial of Training or Evaluation

CITY LIABILITY RISK/EXPOSURE

LAW ENFORCEMENT LIABILITY

- Bodily Injury and/or Property Damage could be a “Tort” eligible for Sovereign Immunity in Some Cases
- Many Allegations Fall Under Federal Issues
 - False Arrest, Wrongful Use of Force, etc.

PUBLIC OFFICIAL LIABILITY

- Typically Filed in Federal Court
 - Limited possible Mo. Immunity
- Common Allegations Include
 - Discrimination, Due Process, Breach of Duty, & Other Errors and Omissions

CITY LIABILITY RISK/EXPOSURE

AUTO LIABILITY

- Falls Under Missouri Sovereign Immunity Statute for In-State Accidents
 - There are Liability Financial Limitations available
- Risk & Exposure of Bodily Injury & Property Damage caused by an Accident
- Due to the Ownership, Maintenance or Use of a Vehicle Licensed for Use on Public Roadway
- Employee Use of their Own Vehicle and risk this brings to the City

CURRENT LIABILITY COVERAGE

- **INSURER/CARRIER:** STATES RISK RETENTION GROUP
- **POLICY LIMIT:** \$5,000,000
 - Most in Any One Year – For All Liability Losses
 - Limit down from \$10,000,000 prior years
- **SELF-INSURED RETENTION (SIR)/DEDUCTIBLE:** \$1,000,000
 - City Pays Per Incident
 - Up from \$250,000 in prior years
- **POLICY COVERS MOST CITY LIABILITY RISKS, INCLUDING:**
 - General Liability
 - Employment Practices (*Part of Public Official Program*)
 - Law Enforcement Liability
 - Public Official Liability
 - Auto Liability

CITY LIABILITY INSURANCE HISTORY

Insurer	States Risk	States Risk	States Risk	States Risk	States Risk	States Risk	Obsidian Specialty
Policy Term	2019-2020 Policy Term	2020-21 Policy Term	2021-22 Policy Term	2022-23 Policy Term	2023-24 Policy Term	2024-25 Policy Term Expiring	2025-26 Policy Term
Coverage Form	Occurrence	Occurrence	Occurrence	Occurrence	Occurrence	Occurrence	Occurrence
Limits							
Each Occurrence Limit	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$5,000,000	\$10,000,000
Aggregated Limits	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$5,000,000	\$10,000,000
Claims other than those established by Section 537.6 RSMo	Not a separate line item	Not a separate line item	Not a separate line item	Not a separate line item	Not a separate line item	Not a separate line item	Not a separate line item
Self Insured Retention	\$150,000	\$200,000	\$250,000	\$250,000	\$250,000	\$1,000,000	\$1,000,000
Co-insurance (above retention)	N/A	N/A	N/A	N/A	N/A	10%	0%
Annual Premium	\$598,704	\$585,028	\$613,595	\$651,257	\$779,991	\$737,468	\$875,000
Terrorism Premium	Included	Included	Included	\$19,538	\$23,400	\$22,124	INCL.
Membership Fee	N/A	N/A	N/A	N/A	N/A	\$75,959	N/A
Total	\$598,704	\$585,028	\$613,595	\$670,795	\$803,391	\$835,551	\$875,000



APPROVED CARRIER QUOTES

City of Independence, MO Casualty Program Quote Summary April 1, 2025-26					
Insurer	States Risk		States Risk		Obsidian Specialty AM Best's rating: A- VII
	2024-25 Policy Term Expiring	% Change	2025-26 "Indication" as of 2/12/25	% Change	Obsidian Specialty AM Best's rating: A- VII
					2025-26 Quote - A
					2025-26 Quote - B
Coverage Form	Occurrence		Occurrence		Occurrence
Limits					
Each Occurrence Limit	\$5,000,000		\$5,000,000		As stated by vertical below
Aggregated Limits	\$5,000,000		\$5,000,000		As stated by vertical below
Coverages to Include:					
General Liability	Included		Included		\$5M each occ/aggr
Employee Benefits	Included				\$5M each employee/aggr
Public Officials Liability	Included		Included		\$5M each occ/aggr
Employment Practices Liability	Included		Included		Included in Public Officials Liability
Law Enforcement Liability	Included		Included		\$5M each occ/aggr
Healthcare Malpractice (excluding physicians, EMT, etc.)	Included		Included		Included except physicians, dentists, psychiatrists
Auto Liability	Included		Included		\$5M each occurrence
Sexual Misconduct/Abuse	Included		Included		Included in GL limit
Self Insured Retention	\$1,000,000		\$1,000,000		\$1,000,000
Co-insurance (above retention)	10%		10%		N/A
Annual Premium	\$737,468		\$1,292,750		\$600,000
Terrorism Premium	\$22,124		\$28,745		Included
Membership Fee (10% for 2024, 5% for 2025)	\$75,959		\$66,075		N/A
Total	\$835,551	4%	\$1,387,570	73%	\$600,000
					-28%
					\$875,000
					5%

Surplus lines tax applies - City is exempt

Surplus lines tax applies - City is exempt



2025 – 2026 POLICY RECOMMENDATION

Casualty (Liability) Insurance Program with
Obsidian Insurance Specialty (Rated A-:VII by AM
Best)

- *Option B Policy Limit to \$10 million from current \$5 million*
- *SIR remains at \$1 million*
- *0% Co-Insurance Above Retention*
- *5% Premium increase over current with higher liability limits than current*

GOALS MOVING FORWARD

- Monitor possible Self-Funding Law Enforcement & Public Official Liability Risk
- Maintain the possibility of an IPL Stand-Alone Insurer to meet contractual requirements should City need to self-fund all risk transfer programs.
- City is Taking the Following Steps to Mitigate Risk
 - ✓ *Implementing Pro-Active Human Resource Policies & Practices*
 - ✓ *Aggressive defense of allegations*
 - ✓ *Standard Operating Procedures*
 - ✓ *Progressive Discipline for Individuals Not Following Standard Practice*

Rental Ready Inspection Analysis

March 10, 2025



★ A GREAT AMERICAN STORY ★

Purpose

- Seek direction on whether the rental ready inspections should be performed by the City (In House Inspections) or by Qualified Housing Inspector (current process)

Current Inspectors

Landlords can choose from 6 companies

- A total of 11 employees – some are part-time or as needed
- Qualifications include master electrician, home builder, general contractor, ASHI home inspector, and certified home inspectors

Inspection hours and days

- One firm only inspects Monday-Friday with limited hours
 - This firm performed the least number of inspections
- The rest of the firms inspect 6-7 days a week with expanded hours into evening

Current Number of Rental Units

Total Number of Rental Units	21,216
Approximate # of Rental Units Per Year	10,608
# of Rental Units Exempted from Inspections Per Year	1,834
Total # of Units to be Inspected Per Year	8,774
Average # of Units to Pass Inspection Each Month	731
Average # of Units per Inspector to Pass Inspection Each Day	5.1

In House Inspections Proposal

- Staffing needed:
 - 8 inspectors,
 - 1 supervisor and
 - 1 administrative assistant
- Estimated total cost: \$977,000
 - Salary and benefits
 - Vehicles, computers, phones, etc.

Challenges of In-House Inspections

- Staffing
 - Attracting and retaining employees
- Hours and days of operation
 - Monday – Friday; 8 am – 5 pm
 - Holidays, sick and vacation time off
- If we can't complete the inspections on time, a landlord can't renew business license.

Cost Comparison

	In House (Proposed)	Qualified Housing Inspectors (Proposed)	Current Fees			
Inspection Fee	\$125	\$100	\$50			
Re-Inspection Fee	\$125	\$60	\$30			
Inspection Fee Examples						
	In House (Proposed)	In House Cost per Unit per Month	Qualified Housing Inspectors (Proposed)	QHI Cost per Unit per Month	Current Fees	Current Cost per Unit per Month
Landlord with 18 units with no re- inspections	\$2,250	\$5.21	\$1,800	\$4.17	\$900	\$2.08
Landlord with 18 units with 5 re- inspections	\$2,875	\$6.66	\$2,100	\$4.86	\$1,050	\$2.43

Recommendation

- Staff recommends using Qualified Housing Inspector.
 - Staffing – hiring and retaining inspectors
 - Scheduling inspections
 - Completing the inspections on a timely basis
 - Cost of the program

Next Steps

- If Council provides direction to continue using Qualified Housing Inspectors:
 - Staff would select and train Inspectors in accordance with the adopted ordinance
- If Council provides direction to perform inspections in house.
 - Continue to utilize Inspectors
 - Probably through the end of this year
 - Work with City Manager to budget cost in FY 2025-26 for staffing, vehicles, computers, etc.
 - Hire and train staff with the goal to start inspections January 1, 2026

Questions...

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