

City of Fort Worth, Texas

Mayor and Council Communication

DATE: 09/16/25 M&C FILE NUMBER: M&C 25-0853

LOG NAME: 1414FY2026 COMMERCIAL INSURANCE

SUBJECT

(ALL) Authorize Purchase of the City's Multiple-Layered Property Insurance, Boiler and Machinery Insurance, and Commercial Liability Insurance Policies from Marsh & McLennan Agency LLC, Broker of Record, in an Amount Up to \$11,123,695.00 and Ratify a Payment of \$523,000.00 for Cyber Insurance Coverage

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the purchase of the City's multiple-layered property insurance, boiler and machinery insurance, and commercial liability insurance policies from Marsh & McLennan Agency LLC, broker of record, in an amount up to \$11,123,695.00 in accordance with the Broker Agreement with Marsh & McLennan Agency LLC, City Secretary Contract No. 63618; and
2. Ratify a payment of \$523,000.00 (within the total amount above) made for cyber insurance coverage at a substantial savings.

DISCUSSION:

Following a Request for Proposals earlier this year, Marsh & McLennan Agency LLC was awarded a contract to become the City of Fort Worth's (City's) new commercial insurance broker of record (City Contract No. 63618). As the broker of record, Marsh & McLennan is authorized to offer consulting and brokerage services that are related to the placement and administration of the following insurance policies: property, boiler and machinery, commercial liability, and other casualty policies as required.

Based on a recognized potential increase in costs resulting from the reconfiguration of the current program to accommodate multi-year coverage schemes for the sake of efficiency and long-term cost savings and the potential combination of current insurance policies with overlapping coverages, the aggregate, projected commercial insurance renewal for Fiscal Year (FY) 2026 is estimated to cost an amount up to \$11,123,695.00.

The rationale and basis in support of this projected cost is the consideration that additional initial premium cost may apply that is subject to overall market conditions as we revisit the procurement of new insurance policies. The planned approach to property insurance and commercial insurance coverages and the fiscal impact are further detailed below.

Property Insurance: The City's all-risk commercial property insurance, which covers a wide range of property and liability exposures, is currently provided through a layered structure that involves multiple insurers and employs a reinsurance quota share approach, which is a form of cost sharing, for the current policy coverage year spanning from December 01, 2024 to December 01, 2025. A \$500,000,000.00 coverage limit is provided by the multiple-layer structure, with a \$10,000,000.00 wind and hail deductible and \$250,000.00 deductible for all other occurrences. In Fiscal Year 2025, the original estimated cost of procurement was \$8,970,000.00. The actual cost of the Fiscal Year 2025 premium was \$6,665,021.26, which was determined by market conditions and negotiation. Anticipating initial costs of a new coverage scheme in Fiscal Year 2026, we seek to duplicate funding up to \$8,970,000.00. As we commence this new procurement cycle with the support of Marsh & McLennan Agency LLC, we anticipate that the costs will be equivalent to or lower than those of previous years. A review of the current coverage scheme in consideration of cost savings and efficiency will necessitate the implementation of novel strategies to enhance the effectiveness of the existing program, which may encompass multi-year coverage options and renewals with new insurance companies. Costs may be affected by the initial first-year premium costs with new insurance underwriters, as we are in the process of revising a new coverage scheme that is further subject to overall market conditions and an expanding property asset portfolio.

Commercial General Liability Insurance: The estimated cost of the City's commercial liability insurance policies at the conclusion of Fiscal Year 2024 was \$2,153,695.00. However, the actual cost, which was determined by market conditions and negotiation, was \$1,398,939.87. Anticipating initial costs of a new coverage scheme in Fiscal Year 2026, based on the aforementioned rationale as it applies to the Property insurance, the same considerations are made for the procurement of commercial general liability insurance. Accordingly, we seek to duplicate funding for the procurement of commercial general liability insurance as well - up to \$2,153,695.00.

Ratification - Included among the policies and total amounts described above is cyber insurance coverage. The Broker of Record obtained a quote for such coverage for \$523,000.00, which was approximately \$140,000.00 lower than the second-lowest quote. However, to obtain that pricing, payment had to be remitted in August. In order to take advantage of the substantial savings, staff proceeded with the payment, and approval of this M&C would formally ratify that expenditure.

The Human Resources Department is allocated funding from the Risk Financing Fund.

A Form 1295 is not required because: This contract will be with a publicly-traded business entity or a wholly-owned subsidiary of a publicly-traded business entity: Marsh McLennan

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendation and adoption of the Fiscal Year 2026 Budget by the City Council, funds will be available in the Fiscal Year 2026 operating budget, as appropriated, in the Risk Financing Fund. Prior to an expenditure being incurred, the Human Resources Department has the responsibility to validate the availability of funds.

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Additional Information Contact: