

Mayor and Council Communication

DATE: 12/14/21

M&C FILE NUMBER: M&C 21-0965

LOG NAME: 14FY2022 COMMERCIAL INSURANCE

SUBJECT

(ALL) Authorize Purchase from Hub International Rigg, Broker of Record of the City's Multiple-Layered Property Insurance, Boiler and Machinery and Commercial Liability Insurance Policies, in an Amount Not to Exceed \$6,650,000.00 and Adopt the Attached Appropriation Ordinance

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Risk Management Fund in the amount of \$1,706,710.00, from reducing fund balance, for the purpose of purchasing commercial property insurance.
 2. Authorize the purchase of the City's Multiple-Layered Property Insurance, Boiler and Machinery and Commercial Liability Insurance Policies from Hub International Rigg, Broker of Record, in an amount not to exceed the budgeted amount of \$6,650,000.00 in accordance with the Broker Agreement with Hub International Rigg, City Secretary Contract No. 47080.
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DISCUSSION:

On June 16, 2015, the City Council approved (Mayor and Council Communication (M&C) C-27333) designating Hub International Rigg as the City's broker of record (Broker). The Broker is authorized to provide consulting and brokerage services associated with the placement and administration of the following insurance policies: property, boiler and machinery, liability insurance and other casualty policies as needed.

The commercial insurance renewal for Fiscal Year 2022 has a total estimated cost of \$6,650,000.00, which is an increase in the estimated annual amount of \$2,659,331.00 across all policies. The increases are a result of unprecedented rate increases in the property insurance market, a more complete inventory and appraisal of City properties resulting increases in the total insured value.

Property insurance: The City's all-risk commercial property insurance is provided through a layered structure, involving multiple insurers employing a reinsurance quota share approach, which is a form of cost sharing. The multiple layer structure provides a \$500,000,000.00 coverage limit with a \$250,000.00 deductible. The Fiscal Year 2022 premium cost is \$4,900,101.00.

Commercial general liability insurance: The City's commercial liability insurance policies will become due prior to the end of FY2022 at an estimated cost of \$1,749,899.00.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds are available in the fund balance of the Risk Management Services Fund, and upon approval of the above recommendations and adoption of the attached appropriation ordinance, funds will be available in the current operating budget, as appropriated, of the Risk Financing Fund. Prior to any expenditure being incurred, the Risk Management Department has the responsibility to validate the availability of funds.

Submitted for City Manager's Office by: Jay Chapa 5804

Originating Business Unit Head: Nathan Gregory 7783

Additional Information Contact: Mark Barta 7790

Expedited