

Mayor and Council Communication

DATE: 12/12/23

M&C FILE NUMBER: M&C 23-1045

LOG NAME: 14FY2024 COMMERCIAL INSURANCE

SUBJECT

(ALL) Authorize 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 \$11,200,000.00

RECOMMENDATION:

It is recommended that the City Council 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 \$11,200,000.00 in accordance with the Broker Agreement with Hub International Rigg, City Secretary Contract No. 47080.

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, commercial liability insurance and other casualty policies as needed.

The commercial insurance renewal for Fiscal Year (FY) 2024 is estimated to cost up to \$11,200,000.00, which is an increase in the estimated annual amount of \$2,900,000.00 across all policies. The increases are a result of unprecedented rate increases in the property insurance market, continued evaluation of asset listing and appraisal of City properties resulting in increases in the total insured values.

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 \$10,000,000.00 wind and hail deductible and a \$250,000.00 deductible for all other occurrences. The Fiscal Year 2024 premium cost is estimated to be up to \$9,500,000.00.

Commercial General Liability Insurance: The City's commercial liability insurance policies will become due prior to the end of FY2024 at an estimated cost of up to \$1,700,000.00.

Funding is budgeted in the Risk Financing Fund for the Human Resources Department.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the recommendation, funds are available in the current operating budget, as previously appropriated, in the Risk Financing Fund. Prior to any expenditure being incurred, the Human Resources Department has the responsibility to validate the availability of funds.

Submitted for City Manager's Office by: Jessica L. McEachern 5804

Originating Business Unit Head: Dianna Giordano 7783

Additional Information Contact: Mark Barta 7790

Expedited