

Mayor and Council Communication

DATE: 02/04/20

M&C FILE NUMBER: M&C 20-0061

LOG NAME: 14FY2020 COMMERCIAL INSURANCE

SUBJECT

Authorize the Transfer and Adopt Ordinance Increasing Appropriations in the Risk Management Fund by \$318,945.00 and, 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 the Budgeted Amount of \$3,233,487.00 (ALL COUNCIL DISTRICTS)

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the transfer from the Culture & Tourism Fund to the Risk Management Fund in the amount of \$318,945.00 for the purchase of Commercial Property Insurance for Dickies Arena;
 2. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Risk Management Fund in the amount of \$318,945.00, from a transfer from Culture & Tourism, for the purchase of Commercial Property for Dickies Arena; and
 3. Authorize the purchase of the City's Multiple-Layered Property Insurance, Boiler and Machinery and Commercial Liability Insurance Policies from Hub International, Broker of Record, in an amount not to exceed the budgeted amount of \$3,233,487.00 in accordance with the Broker Agreement with Hub International Rigg, City Secretary Contract No. 47080.
-

DISCUSSION:

On June 16, 2015, the City Council approved (M&C C-27333) designating Hub International 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 2020 has a total estimated cost of \$3,233,487.00, which is an increase in the estimated annual amount of \$819,651.00 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, and the purchase of commercial property insurance for the new Dickies Arena.

By agreement, the City agreed to participate in the purchase of property insurance for the new Dickies Arena. The cost of the Commercial Property Insurance policy is \$318,945.00.

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 2020 premium cost is \$2,242,178.00 which is an increase of approximately \$600,000.00 across all property policies.

Commercial General Liability Insurance: The City's commercial liability insurance policies will become due prior to the End of FY2020 at an estimated cost of \$990,000.00.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that 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: Brian Dickerson 7783

Additional Information Contact: Mark Barta 7790

