



## Legislation Details (With Text)

**File #:** ID#17-3284    **Version:** 1    **Name:** Excess Property Coverage Renewal  
**Type:** Action Item    **Status:** Passed  
**File created:** 2/27/2017    **In control:** Finance  
**On agenda:** 3/16/2017    **Final action:** 3/16/2017

**Title:** Approve the purchase of Excess Property, Bridge, Boiler and Machinery, and Terrorism insurance coverages from AIG and Zurich, for the period April 1, 2017 through April 1, 2018, at the level of insurance provided for in this agenda item, at an amount not to exceed \$1,550,000; approve locking in the Excess Property Insurance rate of \$0.2388 per \$100 of values through April 1, 2020; approve a three-year rate-locked premium for the Bridge Insurance policy through 2020 totaling \$164,994; and authorize the Risk Manager to execute same. (consent)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. CITY OF CLEARWATER 2017-2018 PROPERTY COMPARISSON.pdf

Date	Ver.	Action By	Action	Result
3/16/2017	1	City Council		
3/13/2017	1	Council Work Session		

**SUBJECT/RECOMMENDATION:**

Approve the purchase of Excess Property, Bridge, Boiler and Machinery, and Terrorism insurance coverages from AIG and Zurich, for the period April 1, 2017 through April 1, 2018, at the level of insurance provided for in this agenda item, at an amount not to exceed \$1,550,000; approve locking in the Excess Property Insurance rate of \$0.2388 per \$100 of values through April 1, 2020; approve a three-year rate-locked premium for the Bridge Insurance policy through 2020 totaling \$164,994; and authorize the Risk Manager to execute same. (consent)

**SUMMARY:**

The Risk Management Division of the Finance Department requested Arthur J. Gallagher and Co. to obtain quotes for the property insurance program effective April 1, 2017. After a review of the quotes received, and in an effort to unify property coverages into a single insurance company, Risk Management is recommending AIG for all coverages except Bridge, which include:

- A \$100 million limit for Windstorm or Hail, which is an increase over the \$60 million provided by our current carrier. A \$60 million limit will apply separately to Named Storm coverage.
- \$60 million in Excess Flood Property insurance on an aggregate basis, same as current.
- \$100 million in Boiler and Machinery Coverage, same as current.
- A self-insured retention (SIR) of \$100,000 per occurrence, with a 5% SIR for named storms up to the maximum deductible of \$5 million. These coverages are same as current.
- Terrorism - Property & Liability Coverage limits at \$25 million for property damage and \$10 million for liability. The program also provides Nuclear, Biological, Chemical & Radioactive Terrorism coverage with limits of \$3 million. These coverages are same as current.
- Per the Excess Property rate lock, a three-year premium total of \$4,050,000 plus a \$20,000

engineering fee billed upfront on the 1<sup>st</sup> annual installment. This represents a 3% premium savings over our current Excess Property insurance program at a locked rate of \$0.2388 per \$100 of values.

The Zurich Bridge Insurance Policy is also quoted with a three year option including:

- Insurance for three City bridges: Sand Key Bridge, Mandalay Channel pedestrian bridge and the McMullen Booth pedestrian overpass.
- Self-insured retention (SIR) of \$100,000 per occurrence, with a \$500,000 SIR for named storms
- An additional \$47 million of aggregate windstorm/flood/terrorism capacity that would otherwise be applied to the \$100 limit for the City's property insurance program.
- The three-year premium for the Zurich bridge coverage is a total of \$164,994. The 1<sup>st</sup> annual installment will be \$54,947, and is included in the \$1,550,000 not-to-exceed total requested.

Premiums for April 1, 2017 through April 1, 2018 total \$1,478,261. Staff recommends adding a contingency of approximately \$70,000, bringing the first-year program cost to a not-to-exceed total of \$1,550,000.

While the Excess Property rate will remain the same in the program's second and third years, the total premiums may increase due to property acquisition, new construction, replacement-value increases, etc.

The additional years with the locked rates are subject to certain contingencies such as the City's loss ratio remaining less than 40%, no material changes in exposures, and the carrier must not have any loss or material change of their treaty reinsurance in order to maintain the same rate for the renewals.

Risk Management believes the recommended coverages will continue to cover the City's property risks at levels and rates which represent a reasonable and appropriate insurance program for the City.

**APPROPRIATION CODE AND AMOUNT:**

Operating Expenditure 590-07590-545100-519-000

Amount of \$1,550,000.00