City of Clearwater

Legislation Details (With Text)

File #:	ID#19-5735	**Version:** 1	**Name:**	Approve the purchase of Excess property insurance, with Arthur J. Gallagher and Co. from April 1, 2019 to April 1, 2020 from April 1, 2019 to April 1, 2020
Type:	Action Item		**Status:**	Consent Agenda
File created:	2/8/2019		**In control:**	Finance
On agenda:	3/7/2019		**Final action:**	
Title:	Approve the purchase of Excess property insurance, including Bridges, Boiler and Machinery and Terrorism coverages, from April 1, 2019 to April 1, 2020, at the level of insurance provided for in this agenda item, at an amount not to exceed $1,800,000 and at the property rate of $0.2520 per $100 of values through April 1, 2020, and authorize the appropriate officials to execute same. (consent)			
Sponsors:				
Indexes:				
Code sections:				
Attachments:	1. Agenda Memo 2019- 2020 Property Insurance Spreadsheet.pdf			

Date	Ver.	Action By	Action	Result
3/7/2019	1	City Council		
3/4/2019	1	Council Work Session		

SUBJECT/RECOMMENDATION:

Approve the purchase of Excess property insurance, including Bridges, Boiler and Machinery and Terrorism coverages, from April 1, 2019 to April 1, 2020, at the level of insurance provided for in this agenda item, at an amount not to exceed $1,800,000 and at the property rate of $0.2520 per $100 of values through April 1, 2020, and authorize the appropriate officials to execute same. (consent)

SUMMARY:

The Risk Management Division requested Arthur J. Gallagher and Co. to obtain quotes for the property insurance program expiring April 1, 2019. After a review of the quotes received, we request renewal of our current coverage with American International Group, Inc. (AIG).

The City is in the last year of a 3-year locked-in rate agreement. As a result, the City avoided the 10 - 20% premium increases affecting this market.

Current coverages remain unchanged, which include $100 million for Windstorm or Hail, $60 million flood insurance on an aggregate basis, and $100 million in Boiler and Machinery Coverage. Staff is proposing an increase of the Named Storm limit from $60 million to $75 million, for an additional premium of $100,261, since the price is cost effective and helps accommodate the increase in our total property values. The self-insured retention (SIR) will remain at $100,000 per occurrence, with a 5% SIR for named storms up to the maximum deductible of $5 million.

The City currently has a stand-alone policy through Zurich renewed last year to insure three city bridges: Sand Key Bridge, Mandalay Channel pedestrian bridge and the McMullen Booth pedestrian overpass. The bridge policy has a self-insured retention (SIR) of $100,000 per occurrence, with a $500,000 SIR for named storms, and provides an additional $47 million of aggregate windstorm/flood/terrorism capacity which would otherwise

be applied to the $100 million limit for the City's property insurance program. The City is in the last year of this policy with a locked in rate, with the third installment due at $56,922, and request renewal.

The renewal maintains the current coverage for "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.

Total premiums for this renewal are estimated to be $1,755,615, which represents an increase of 12% from last year's premium. This is a result of the trending of our property values of 3.45%, addition of newly constructed facilities, and the proposed purchase of the increase in Named Storm limit. Staff recommends adding a contingency to a not-to-exceed amount of $1,800,000.

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

APPROPRIATION CODE AND AMOUNT: 5907590-545100   Amount of $1,800,000