



Legislation Details (With Text)

File #:	ID#24-0279	Version:	1	Name:	Property Insurance Renewal
Type:	Action Item	Status:	Passed		
File created:	2/21/2024	In control:	Finance		
On agenda:	3/18/2024	Final action:	3/18/2024		
Title:	Approve the purchase of excess Property insurance, including Bridges, Boiler and Machinery, and Terrorism coverages, from April 1, 2024 through April 1, 2025, at the level of insurance provided for in this agenda item, in a not-to-exceed amount of \$6,020,000, and authorize the appropriate officials to execute same.				

Sponsors:

Indexes:

Code sections:

Attachments: 1. Property Renewal Chart 2024

Date	Ver.	Action By	Action	Result
3/18/2024	1	City Council		

SUBJECT/RECOMMENDATION:

Approve the purchase of excess Property insurance, including Bridges, Boiler and Machinery, and Terrorism coverages, from April 1, 2024 through April 1, 2025, at the level of insurance provided for in this agenda item, in a not-to-exceed amount of \$6,020,000, and authorize the appropriate officials to execute same.

SUMMARY:

Risk Management requested Arthur J. Gallagher and Co. to obtain quotes for the property insurance program expiring April 1, 2024. After a review of quotes received, staff request the renewal of property coverage with a layer of coverage limits provided by various carriers.

The current property coverage with Berkshire Hathaway and additional sub-carriers expires on April 1, 2024. This renewal will continue to maintain our Named Windstorm coverage at \$50 million, and flood insurance at \$50 million on an aggregate basis. The self-insured retention (SIR) will remain at 5% for named storms subject to \$100,000 minimum per occurrence, and no maximum deductible. The annual renewal will continue to be subject to a loss ratio provision of 100% for Named Windstorm and 40% for all other perils. The renewal premium for property is \$5,663,000 reflecting an 18.7% premium increase over last year.

The renewal for Boiler and Machinery Coverage will remain at \$200 million limit with \$25,000 deductible (reduced from \$50,000) at a premium of \$98,000 reflecting a 25.6% premium increase.

The City's bridge program is a stand-alone policy and includes the Sand Key Bridge, the Mandalay Channel pedestrian bridge and the McMullen Booth pedestrian overpass. This renewal is a 50/50 shared capacity between Zurich and Chubb to maintain the \$50 million Named Windstorm and Flood policy limits. The renewal bridge policy has a deductible of \$100,000 per occurrence for all other perils and earthquakes for the Mandalay Channel and McMullen Booth bridges, and \$1 million for the Sand Key bridge. The Self-Insured Retention (SIR) for Flood and Named Windstorm is 5% of the total covered value of a loss, subject to a \$500,000 minimum deductible. The annual aggregate limit for the perils of Earthquake/Flood/Named Storm is \$50 million each and for All Other Perils it is \$82,938,010 million. The Bridge program renewal premium is \$193,000 reflecting a 0.7% premium increase.

This renewal maintains our current coverage for Terrorism - Property & Liability coverage limits at \$25 million for property damage and \$10 million for liability for a premium of \$32,900 reflecting a 17.8% premium increase.

The City also purchases a separate policy which provides Nuclear, Biological, Chemical & Radioactive Terrorism coverage with limits of \$3 million, for a premium of \$32,500 reflecting a 7.9% premium increase.

Total premiums for these renewals are estimated to be \$6,020,000. This represents an 18.04% increase over the previous year amount of \$5,100,000.

Risk Management agrees that 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 \$6,020,000

USE OF RESERVE FUNDS:

N/A

STRATEGIC PRIORITY:

This property insurance renewal supports the following objective:

1.2 Maintain public infrastructure, mobility systems, natural lands, environmental resources, and historic features through systematic management efforts.

