



## Legislation Text

File #: ID#20-8220, Version: 1

### SUBJECT/RECOMMENDATION:

Approve the purchase of excess liability, excess workers compensation and numerous specialty insurance policies, from October 1, 2020 through September 30, 2021, at an amount not to exceed \$1,000,000 and authorize the appropriate officials to execute same. (consent)

### SUMMARY:

The Risk Management Division of the Finance Department purchases certain excess and specialty insurance policies through the efforts of the City's insurance broker, Arthur J. Gallagher and Company.

These policies include an excess liability package through Lloyds's of London for coverages including General Liability, Automobile Liability, Employee Benefits Liability, Errors and Omissions Liability, Personal Injury Law Enforcement Liability, Marine Operator's Liability, EMS Liability, and Compressed Natural Gas Liability; an excess workers compensation package through Safety National for coverages including Workers Compensation and Employer Liability; and additional excess policies for Third Party Storage Tank Liability, Hull Protection and Indemnity, Cyber Liability and numerous flood policies.

This year's renewal ends our two-year rate guarantee agreement with Brit, who is the City's liability carrier. Brit was unable to provide another multi-year rate guarantee this renewal; however, this is typical of the current market conditions. Brit also reduced our overall limit from \$7 million per occurrence/\$14 million aggregate to \$5 million per occurrence/\$10 million aggregate. Due to our favorable claims' history, our renewal premium is \$291,463, which is an increase of less than 1% over last year.

For the workers compensation excess policy, the City's had a three-year rate agreement, which was to extend from October 1, 2018 through October 1, 2021. However, due to a recent severe injury claim which has the potential to incur a value that exceeds the City's \$600,000 self-insured retention (SIR), the carrier Safety National was unable to honor the final year of the rate guarantee, as the policy includes a condition stating any new claim during the current policy term cannot exceed more than 50% of the City's SIR. As a result, Safety increased the City's workers compensation rate by 7.34%. After adding in the City's 3.41% increase in payroll, the renewal resulted in an overall premium increase of 12.11%, bringing our premium for this coverage to \$375,341.25.

Risk Management is also estimating an increase of 15% for renewals of the additional excess and flood policies.

This request includes a contingency of \$23,063.75 to accommodate any unforeseen increases.

The total requested not-to-exceed amount of \$1,000,000 reflects an 11.11% increase over the fiscal 2019 budget of \$900,000.

### APPROPRIATION CODE AND AMOUNT:

|                |             |
|----------------|-------------|
| 5907590-545100 | \$1,000,000 |
|----------------|-------------|