



Legislation Text

File #: ID#23-0230, **Version:** 1

SUBJECT/RECOMMENDATION:

Approve the purchase of excess property insurance, including Bridges, Auto Physical Damage, Boiler and Machinery and Terrorism coverages, from April 1, 2023 to April 1, 2024, at the level of insurance provided for in this agenda item, at an amount not to exceed \$5,100,000 and at the property rate of \$0.5389 per \$100 of values, and authorize the appropriate officials to execute same. (consent)

SUMMARY:

Risk Management requested Arthur J. Gallagher and Co. to obtain quotes for the property insurance program expiring April 1, 2023. After a review of quotes received, staff requested 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, 2023. This renewal will provide Named Windstorm coverage at \$50 million, and flood insurance at \$50 million on an aggregate basis, both a decrease from the current \$75 million levels. 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 \$4,706,789.

Auto Physical Damage will be a separate renewal policy due to property insurers declining to renew this coverage in the property program. Ambridge (the City's Liability carrier) will provide coverage beginning April 1, 2023, with a \$1 million limit in excess of \$100,000 Self-Insured Retention for a pro-rata premium of \$64,973. This will be included in the excess liability renewal on October 1, 2023 going forward.

The City's bridge program is a stand-alone policy and includes Sand Key Bridge, 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. The annual aggregate limit for the perils of Earthquake/Flood/Named Storm is \$50 million each and \$82,938,010 million for all other perils. The renewal premium is \$192,170.

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 \$27,936.

The City also purchases a separate policy which provides Nuclear, Biological, Chemical & Radioactive Terrorism coverage with limits of \$3 million, for a premium of \$30,112.

The renewal for Boiler and Machinery Coverage will remain at \$200 million with a premium decrease for a total of \$78,020.

Total premiums for these renewals are estimated to be \$5,100,000. This represents an increase of 58% in

premium and 47% increase in rate from last year.

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 \$5,100,000

USE OF RESERVE FUNDS:

N/A