



## **AGENDA MEMORANDUM**

Future Item for the City Council Meeting of March 28, 2017

Action Item for the City Council Meeting of April 11, 2017

**DATE:** March 20, 2017

**TO:** Margie C. Rose, City Manager

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### **Motion authorizing renewal of property insurance.**

#### **CAPTION:**

Motion authorizing the City Manager to execute all documents necessary to renew property insurance, including All Risk, Flood, Named Storm, Wind/Hail, Earthquake, and Equipment Breakdown insurance through Carlisle Insurance Agency, Broker of Record, for upcoming policy year (May 5<sup>th</sup>, 2017-May 5<sup>th</sup> 2018) and policy years 2018-19 and 2019-20 in exchange for an annual premium in amounts not to exceed the total amount of original bid (\$2,001,750) and further subject to the reduced premium of \$1,952,914.52 for upcoming policy year, of which \$797,217.16 is required for the remainder of FY 2016-2017.

#### **PURPOSE:**

Obtain property insurance for City-owned property.

#### **BACKGROUND AND FINDINGS:**

The City's Property Insurance Program currently carries property insurance coverage including: All Other Perils, Flood, Earth Movement, Wind, Named Storm and Equipment Breakdown. The City's Property Insurance Program is a multi-layered program comprised of participating admitted and non-admitted commercial carriers. In addition to traditional insured property (buildings and contents), the City's schedule of insured property includes other specialty insurance type risks including; wharves, docks, piers and fine arts. (The City also purchases through Carlisle flood insurance for property located wholly or partially within the Special Flood Hazard Areas (SFHA) as defined by the Federal Emergency Management Agency (FEMA) in Flood Zone A through the National Flood Insurance Program but is not included in this amount). Total Insured Values for Policy year 2017-18 are \$707,244,943 (after schedule of value property update completed in January, 2017).

The City awarded a Broker of Record contract to Carlisle Insurance Agency effective January 1, 2016. The City's Risk Management Division and Carlisle Insurance Agency have collaborated to present the below property insurance renewal.

Continued favorable global conditions throughout the property market due to relatively low catastrophic events and several years of profitable reinsurance results have made this renewal

possible approximately 2.5% lower than last year. The property insurance renewal is summarized in the following table.

	<b>FY15-16</b>	<b>FY16-17</b>	<b>FY17-18 Renewal</b>
<b>Total Insured Values \$</b>	\$627,286,300	\$696,422,133	\$707,244,943 (1.6% increase in values)
<b>Property Rate (per \$100 value)</b> <i>includes recommended option</i>	\$0.4384	\$0.2875	\$0.2761 (4% rate decrease)
<b>Premium (primary/excess/equip Breakdown)</b>	\$2,752,388	\$2,001,750	\$1,952,915
<b>Difference from 2015-16</b>	-----	\$ 776,638 (28% decrease from )	\$ 48,835 (2.5% decrease)
<b>Limits All Risk (excludes flood/Quake)</b>	\$250,000,000	\$250,000,000	\$250,000,000
<b>Named Storm</b>	\$150,000,000	\$150,000,000	\$150,000,000
<b>Flood/ Earth Movement</b>	\$ 25,000,000	\$ 50,000,000	\$ 50,000,000
<b>Coverage/Peril</b>	<b>Deductible</b>	<b>Deductible</b>	<b>Deductible</b>
<b>All Risk</b>	\$ 50,000 per occur.	\$ 50,000 per occur.	\$ 50,000 per occur.
<b>Flood (storm surge included)</b>	\$100,000 per occur.	\$100,000 per occur.	\$100,000 per occur.
<b>Named Storm</b>	2% Total Insurable values at the time of the loss at each location involved in the loss or damage arising out of the named storm subject to a minimum of \$250,000 any one occurrence and max. of \$4,000,000 any one occurrence	2% of Total Insurable values at the time of the loss at each location involved in the loss or damage arising out of the named storm subject to a minimum of \$100,000 any one occurrence and max. of \$4,000,000 any one occurrence	2% of Total Insurable values at the time of the loss at each location involved in the loss or damage arising out of the named storm subject to a minimum of \$100,000 any one occurrence and max. of \$4,000,000 any one occurrence
<b>Wind/Hail</b>	\$250,000 per occur	\$50,000 per occur	\$50,000 per occur
<b>Earth Movement</b>	\$100,000 per occur	\$50,000 per occur	\$50,000 per occur
<b>Optional Coverage</b>			
<b>Terrorism</b>	-----	-----	-----

Total \$ 1,952,915

Funds have been budgeted by the Legal Department in FY 2017-2018.

**ALTERNATIVES:**

Not applicable.

**OTHER CONSIDERATIONS:**

Not applicable.

**CONFORMITY TO CITY POLICY:**

This purchase conforms to the City's purchasing policies and procedures and State statutes regulating procurement.

**EMERGENCY / NON-EMERGENCY:**

Non-emergency.

**DEPARTMENTAL CLEARANCES:**

Legal Department

**FINANCIAL IMPACT:**

☒ Operating      ☐ Revenue      ☐ Capital      ☐ Not applicable

<b>Fiscal Year: 2016-2017</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget			
Encumbered / Expended Amount			
This item	\$797,217.16	\$1,155,697.36	\$1,952,914.52
BALANCE			

Fund(s): 5611- Liability/EB Liability, 1140- Business JobDev, 4710- VisitorFacility Fund

**Comments:** Property insurance renewal.

**RECOMMENDATION:**

Staff recommend the City renew its property program as cited above with the same limits, sub-limits, policy terms and conditions current coverage limits, deductible structure, and policy terms and provisions. Further, Property renewals for Policy years 2018-19 and 2019-20 will be subject to automatic renewal based on the City's broker of record contract with Carlisle insurance agency.

**LIST OF SUPPORTING DOCUMENTS:**

Proposed Property Insurance Renewal Schematic