

## City Council – Action Request Form

**Date:** June 14, 2021

**To:** Mayor, Mayor Pro Tempore, and Members of the City Council

**From:** Lisa M. Saunders, Chief Financial Officer  
Nick Webster, Risk Manager

**Council Action Requested:**

Resolution Authorizing the City Manager to Purchase Property, Boiler/Machinery Insurance

**Strategic Focus Area:** Service Excellence

**Strategic Objective:** Maintain City’s Financial Strength

**Strategic Plan Action Item:** No

**Key Work Item:** No



**Summary of Information:**

The attached resolution recommends purchasing property insurance, with a \$500 million per occurrence policy limit, from Travelers Insurance Company through a contract awarded to McGriff Insurance Services, Inc., the City’s insurance broker, for property and boiler/machinery insurance at a rate of \$0.0622/\$100 of property replacement cost for FY 2021-2022. The premium rate increase compared to last year is 5.60%.

The total premium for this new policy is \$823,988, compared to last year’s premium of \$699,813. The increase is due to several factors. Factors include the addition of new City properties, including the new \$50 million headworks located at the Muddy Creek Wastewater Treatment Facility, along with increasing values of other City properties. Building material costs have also increased.

The property insurance market, which is cyclical in nature, is currently in a state of rising premiums and declining insurance capacity referred to as a “hard” or “hardening” market. Significant weather disasters, such as wildfires, hurricanes, and tornadoes, have also posed challenges to the property insurance market.

The City chose McGriff Insurance Services, Inc. as its insurance broker through a 2021 Request for Proposal (RFP) process. The City issues an RFP for brokerage services every three to five years since most agencies and insurance companies will not participate in an annual RFP process. The City last marketed the insurance coverage to other insurance carriers last year, soliciting quotes from 13 carriers, none of whom were able to match the Travelers quote. McGriff Insurance Company’s current contract with the City runs through June 30, 2023.

**Committee Action:**

<b>Committee</b>	<u>Finance 6/14/21</u>	<b>Action</b>	<u>Approval</u>
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<b>For</b>	<u>Unanimous</u>	<b>Against</b>	<u></u>
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**Remarks:**