

## City Council – Action Request Form

**Date:** June 9, 2025

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

**From:** Julie Carter, Risk Administrator  
Ben Rowe, Assistant City Manager  
Kelly Latham, Chief Financial Officer

**Council Action Requested:**

Resolution Authorizing the City Manager to Purchase Property, Boiler/Machinery insurance from Traveler's Insurance Company through the City's broker, Surry 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 Surry Insurance, the City's insurance broker, for property and boiler/machinery insurance at a rate of **\$0.1718** of property replacement cost for FY 2025-2026. The premium rate increased compared to last year's rate of \$.1461, a rate increase of **17.6%**.

The total premium for this new policy is **\$2,653,352**, compared to last year's premium of \$2,199,981. The increase is due to several factors. Factors include an increase to the City's loss ratio, for the expiring policies. The loss ratio is being driven by three claims: pump station 65, Fairgrounds Grandstand and Bio-Solids Dryer Building explosion. Two of the claims remain open, due to issues in the construction market (increased costs, product shortage, worker shortage, material issues (pump being discontinued)). The three claims this year equated to \$11,299,183 paid to date with an outstanding reserve of \$9,017,312 totaling **\$20,316,495**. The Lowery Street building is not included within the policy, due to the condition of the building, as was the case for FY 2025. The Bio-Solids Dryer Building is being removed from the blanket policy, but will be insured with a policy limit.

The property market overall is increasing due to catastrophe losses, reinsurance, inflation, replacement cost, skilled labor shortage and loss trends that have outpaced rate increases in past years.

The City chose Surry Insurance as its insurance broker through a 2023 Request for Proposal (RFP) process.

**Committee Action:**

<b>Committee</b>	Committee of the Whole	<b>Action:</b>
	06/09/2025	Approval

<b>For</b>	Unanimous	<b>Against</b>
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**Remarks:**