

City Council – Action Request Form

Date: June 19, 2017

To: The City Manager

From: Lisa M. Saunders, Chief Financial Officer

Council Action Requested:

Resolution Authorizing the City Manager to Purchase Property, Boiler/Machinery and Employee Theft Insurance from Traveler's Insurance Company Through Surry Insurance.

Summary of Information:

The attached resolution recommends purchasing property insurance from Traveler's Insurance Company through a contract awarded to Surry Insurance, the City's insurance broker, for property, boiler/machinery insurance at a rate of \$0.0337/\$100 of property replacement cost for FY 2017-2018. This is a rate decrease of \$0.00384/\$100 of property replacement cost, or 11%, compared to the rate paid in FY 2016-2017. The new policy includes an increase in the per occurrence policy limit, from \$250 million in FY 2016-2017, to \$500 million in FY 2017-2018. Using the City's current property replacement costs, totaling \$1,035,575,764.46, the annual premium will be approximately \$348,495. Although the insurance premium rate per \$100 of property replacement cost decreased, the overall premium increased two percent.

The attached resolution also recommends purchasing employee theft insurance from Traveler's Insurance Company for an annual premium of \$3,325. This is an increase over the FY 2016-2017 premium for crime/employee theft insurance, which was \$2,500.

Surry Insurance was chosen as the City's insurance broker through a 2016 Request for Proposal (RFP) process. An RFP for brokerage services is issued every three to five years, since most agencies and insurance companies will not participate in an annual RFP process. Surry Insurance's current contract with the City runs through June 30, 2019, after which the City reserves the option to extend the contract for as many as two additional 12-month periods.

It is recommended that a contract be awarded to Surry Insurance for the \$348,495 annual premium for property, boiler/machinery insurance, and \$3,325 premium for employee theft insurance, for FY 2017-2018.

Committee Action:

Committee	<u>Finance 6/12/17</u>	Action	<u>Approval</u>
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For	<u>Unanimous</u>	Against	<u></u>
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Remarks: