



Legislation Text

File #: 22-0224, **Version:** 1

Resolution to Approve the Board of Insurance Administration's Recommendations for 2022 Property and Casualty Insurance Renewals

This resolution is submitted for City Council's approval of the Board of Insurance Administration's recommendations for the City's 2022 Property and Casualty Insurance Renewals.

The City's insurance broker, Hylant Group, advised the Insurance Board that the insurance market continues to change rapidly with increased premiums, increased retentions (deductibles), and reduced limits for most lines of coverage. Rate increases for municipalities have been significantly impacted, with property, liability, and cyber liability insurance rate increases that exceed 100% of expiring policies in some instances.

Hylant has provided the Insurance Board with a comprehensive review of the quotes, changes in coverages and rates, and provided recommendations which include coverages for property, casualty, public entity liability, excess liability, crime, fiduciary liability, aviation/airport liability, liquor liability, general liability/excess liability (650 S. Forest parking garage), cyber liability, and travel accident insurance.

For all lines of coverage, our first priority is to maintain existing coverage over our expiring policies at the best possible premium. Due to the challenging nature of the insurance market, this is not always possible. As such, the insurance renewal quotes being recommended for approval do include some changes in overall coverage.

- Property Insurance
 - Deductible will increase from \$50,000 to \$100,000.
 - There is a new sub-limit for tornado damage of \$50,000,000.
 - The deductible for wind/hail damage will increase from 1% to 3% of loss amount.
- Cyber Liability Insurance
 - Deductible increase from \$50,000 to \$250,000.

Due to these changes in coverage, Hylant continues to negotiate with carriers for additional coverage where possible, which may result in increased premiums to achieve our goal maintaining existing coverage. To secure these additional coverages, it is estimated the total premiums could be as high as \$1,383,862.

Based on its consideration of the renewal information provided, the Board of Insurance Administration recommends that Council approve the 2022 Property and Casualty Insurance Renewals for the City as recommended by Hylant in the amount of \$1,332,882, not to exceed \$1,383,862 in order to secure coverage equal to expiring policies.

Prepared by: Michael Pettigrew, City Treasurer

Reviewed by: Marti Praschan, CFO and Financial Services Area Administrator

Jennifer Richards, Assistant City Attorney

Approved by: Milton Dohoney, Jr., Interim City Administrator

Whereas, The City's insurance policies and coverages are up for renewal at the end of February 2022;

Whereas, The City's insurance broker has obtained quotes for the City's 2022 Property and Casualty Insurance Renewals with recommended changes to maintain existing coverages; and

Whereas, The Board of Insurance Administration recommends approval of the coverage and premiums in the insurance renewal policies effective March 1, 2022 as presented by Hylant in the amount of \$1,332,882, not to exceed \$1,383,862;

RESOLVED, That the City Council approve the City's 2022 Property and Casualty Insurance Renewals effective March 1, 2022, as presented by Hylant and recommended by the Board of Insurance Administration;

RESOLVED, That the City Council authorize the payment for the recommended insurance policy renewals from the Risk Fund in a total premium amount of \$1,332,882, which after additional negotiation to achieve best possible coverages prior to the renewal policy effective dates, as applicable, shall not exceed \$1,383,862; and

RESOLVED, That the City Administrator be authorized to take the necessary administrative actions to implement this resolution.