



Legislation Text

File #: 21-0154, **Version:** 1

Resolution to Approve the Board of Insurance Administration's January 28, 2021 Recommendations for 2021 Property and Casualty Insurance Renewals

This resolution is submitted for City Council's approval of the Board of Insurance Administration's January 28, 2021 recommendations for the City's 2021 Property and Casualty Insurance Renewals.

The City's insurance broker, Hylant Group, advised the Board that the insurance market has rapidly changed during 2019 and 2020 with increased premiums, increased retentions (deductibles), and reduced limits for most lines of coverage. Rate increases for municipalities have been significantly impacted, with property and liability insurance rate increases that have exceeded 35%.

At the January 28th Insurance Board meeting, Hylant provided the Board with a comprehensive review of the quotes, changes in coverages and rates, and made recommendations which included 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. The result of this extensive marketing and negotiating effort is the recommended renewal of all lines of coverage with incumbent carriers, except for moving cyber liability coverage from AIG to Travelers. The resulting increase in premiums is limited to 3%.

Hylant's recommendations include some changes in coverage which aided in keeping the total premium increase for the City lower. For property insurance, the loss limit per loss (single event) was lowered from \$500,000,000 to \$400,000,000. The likelihood of a single event and claim exceeding \$400,000,000, considering the current geographic spread of City owned properties, is extremely low. For liability coverage, our incumbent carrier did not provide a quote for insurance with the City's current \$500,000 self-insured retention (deductible) but quoted for coverage with the self-insured retention increased to \$1,000,000 for each occurrence. Overall, the carrier agreed to a reduction in premium from our expiring liability program of 18%. This reduction is attributable to both the exemplary loss history of the City, and the fact that the City will be retaining additional risk.

Based on its consideration of the renewal information provided, the Board of Insurance Administration recommends that Council approve the 2021 Property and Casualty Insurance Renewals for the City as recommended by Hylant.

Prepared by: Michael Pettigrew, City Treasurer

Reviewed by: Matthew Horning, Interim CFO and Financial Services Area Administrator
Tim Wilhelm, Senior Assistant City Attorney

Approved by: Tom Crawford, City Administrator

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Whereas, The City's insurance policies and coverages are up for renewal at the end of February 2021;

Whereas, The City's insurance broker has obtained quotes for the City's 2021 Property and Casualty Insurance Renewals with recommended changes to achieve a lower premium increase; and

Whereas, The Board of Insurance Administration recommends approval of the coverage and premiums in the insurance renewal policies effective March 1, 2021 as presented by Hylant in the amount of \$1,038,365.00, not to exceed \$1,100,000.00;

RESOLVED, The City Council approve the Board of Insurance Administration's recommendation for approval of the City's 2021 Property and Casualty Insurance Renewals effective March 1, 2021 as presented by Hylant;

RESOLVED, The City Council authorizes the payment for the recommended insurance policy renewals from the Risk Fund in a total premium amount of \$1,038,365.00, which after adjustments to schedules prior to the renewal policy effective dates, as applicable, shall not exceed \$1,100,000.00; and

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