

SUPPLEMENTAL

COUNCIL AGENDA: 09/18/07
ITEM: 9.1



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Mark Danaj

SUBJECT: APPROVAL OF CITYWIDE
INSURANCE RENEWALS

DATE: September 12, 2007

Approved

Date

9/14/07

COUNCIL DISTRICT: N/A
SNI AREA: N/A

SUPPLEMENTAL

REASON FOR SUPPLEMENTAL MEMORANDUM

This supplemental memorandum provides additional information, related to the efforts of the City's insurance broker to negotiate lower premiums and higher coverage on the property insurance coverage including boiler and machinery and flood coverage. The slightly revised recommendation below is a result of this effort.

RECOMMENDATION

Approval of the revised recommendation 9.1 parts (a) and (b) to read as follows:

Approval of purchase of insurance policies for the period October 1, 2007 to October 1, 2008 at a cost not to exceed \$2,600,000 by the Director of Human Resources with the following insurance carriers:

- a) Property Insurance: Property; FM Global to achieve the \$1 Billion limit desired.
- b) Boiler and Machinery: FM Global

ANALYSIS

On September 11, 2007, the City received a quote from an insurance carrier, FM Global, for property, boiler and machinery. This quote was received within the time frame specified to submit quotes. This quote is much more cost-effective than the previous one stated in a memorandum to City Council dated August 27, 2007. FM Global has provided a competitive proposal which will result in a premium savings of more than \$175,000 over the expiring premium for this insurance. In addition, Flood coverage for the City which is included in this program will be

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increased by 150% to \$25,000,000. FM Global's insurance policy form has significantly broader coverage than is provided by the City's current insurance policies. Boiler and Machinery insurance is included in the FM Global policy form. The City presently purchases a separate policy for Boiler and Machinery Insurance from Zurich which can be discontinued by moving the program to FM Global.

In addition, FM Global provides loss prevention engineering inspections for City owned properties. These services are offered as part of the program at no additional cost. These engineering reports will provide loss control recommendations, which if implemented, will continue to reduce the City's insurance program costs in the future.

FM Global is a financial sound insurance company and is rated A+ XV by the A.M. Best Insurance Rating Agency."

EVALUATION AND FOLLOW-UP

The City Council will be informed as to the status of these policies as part of the annual renewal process each September or by Supplemental Memorandum if necessary.



MARK DANAJ
Director, Human Resources