



City of San Antonio

Agenda Memorandum

File Number:16-1968

Agenda Item Number: 5.

Agenda Date: 4/28/2016

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott, CPA

COUNCIL DISTRICTS IMPACTED: City Wide

SUBJECT:

Renewal of Commercial Insurance Policies.

SUMMARY:

This ordinance authorizes the City Manager or her designee to pay premiums for the City of San Antonio's commercial insurance policies identified below for a 17-month period, May 1, 2016 through September 30, 2017, at a total cost of \$1,910,213.00. These renewals, covering 17 months, allow the opportunity to align the expiration dates for all of the City's commercial insurance policies to coincide with the fiscal year. A common renewal date also ensures operational and administrative efficiencies, as well as reductions in premium. Each policy is renewing with the current incumbent offering policy terms, limits and conditions equal to or better than expiring:

- Medical Professional Liability covers errors and omissions associated with operation of Metro Health Clinic
 - Homeland Insurance Company of New York - \$35,180.00
- Airport Owners and Operators Liability offers protection against third-parties claims on airport grounds
 - Commerce and Industry Insurance Company - \$62,373.00
- Aircraft Hull and Liability covers SAPD helicopters
 - Commerce and Industry Insurance Company - \$152,427.00

- Crime Liability provides protection against employee theft and embezzlement
 - National Union Fire Insurance Company of Pittsburg - \$18,248.00
- Fine Arts Liability covers the owned and borrowed arts, statutes and artifacts
 - AXA Insurance Company - \$34,720.00
- Property/Equipment Breakdown covers the City's facilities, boilers and machinery
 - Factory Mutual Insurance Company - \$1,532,519.00
- Inland Marine provides coverage for SAPD and SAFD mobile command units
 - XL Specialty Insurance Company - \$74,746.00

BACKGROUND INFORMATION:

In February 2016, the Finance Department, in cooperation with the City's Broker of Record, SOGO Wealth and Risk Management/Wells Fargo (SOGO/WF), began the process of gathering the information necessary to support effective and timely insurance renewals.

A Request for Quotes was published February 15, 2016, and SOGO/WF received submissions from interested insurance providers by March 3, 2016. SOGO/WF provided analysis and recommendations to the Finance Department for consideration. The proposed renewals will continue to provide coverage to protect the City's assets through September 30, 2017.

ISSUE:

Approval of payment to Homeland Insurance Company of New York, Commerce and Industry Insurance Company, National Union Fire Insurance Company of Pittsburg, AXA Insurance Company, Factory Mutual Insurance Company and XL Specialty Insurance Company for the recommended premiums would continue the Council's policy of providing insurance protection for the City's assets. Protection from losses such as fire, theft, explosion, flood, earthquake, medical negligence and even acts of terrorism would continue to be afforded through September 30, 2017, in conformance with Council's previous decisions.

The Small Business Economic Development Advocacy (SBEDA) Ordinance requirements were waived due to the lack of small, minority, and/or women businesses available to provide these goods and services.

The recommended award is an exception to the Local Preference Program and the Veteran-Owned Small Business Preference Program.

ALTERNATIVES:

Should these insurance policy renewals not be approved, insurance coverage for the City's property and protection from potential liabilities will expire May 1, 2016. After this date, damage or losses for the contingencies described above would be entirely at the City's expense, until such time that new insurance coverage could be obtained.

FISCAL IMPACT:

Funding in the amount of \$35,180.00 for Medical Professional Liability insurance, \$62,373.00 for Airport Owners and Operators Liability insurance, \$152,427.00 for Aircraft Hull and Liability insurance, \$18,248.00 for Crime Insurance, \$34,720.00 for Fine Arts Insurance, \$1,532,519.00 for Property /Equipment Breakdown insurance, and \$74,746.00 for Inland Marine insurance is available in the Liability Insurance Fund. The total expenditure for these renewals is \$1,910,213.00 for 17 month policies. Funds will be prorated and allocated for policy periods within each fiscal year.

RECOMMENDATION:

Staff recommends approval of these insurance policies for the period May 1, 2016 to September 30, 2017 at a total cost of \$1,910,213.00. Contract Disclosure Forms and Disclosure of Interested Parties forms are attached.