



# City of San Antonio

## Agenda Memorandum

**File Number:** 17-4623

---

**Agenda Item Number:** 24.

**Agenda Date:** 8/31/2017

**In Control:** City Council A Session

---

**DEPARTMENT:** Office of Risk Management

**DEPARTMENT HEAD:** Debra M. Ojo, MPA

**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 one-year policy period with two one-year renewal options, effective October 1, 2017. The estimated cost for the first year is \$1,082,796.60. If all options are exercised for the full three years, the estimated total cost of the contract is \$3,257,313.67. This recommendation, covering a three-year period, allows the City to take advantage of guaranteed renewals and rates which ensures operational and administrative efficiencies, as well as reductions in premiums. Each policy is renewing with the current incumbent and offers policy terms, limits and conditions equal to or better than the expiring policies. The policies, their coverage, and premiums are:

- Medical Professional Liability covers errors and omissions associated with operation of Metro Health Clinic
  - *Homeland Insurance Company of New York* - \$24,792.60
- The Airport Owners and Operators Liability offers protection against third-parties claims on airport grounds
  - *Commerce and Industry Insurance Company (AIG)* - \$43,950
- The Aircraft Hull and Liability covers SAPD helicopters

- *Commerce and Industry Insurance Company (AIG) - \$107,405*
- Crime Liability provides protection against employee theft and embezzlement
  - *National Union Fire Insurance of Pittsburg - \$13,306*
- Fine Arts Liability covers the owned and borrowed arts, statues and artifacts
  - *AXA Art Insurance Company - \$ 24,468*
- Property covers the City's facilities, boilers and machinery
  - *Factory Mutual Insurance Company - \$828,109*
- Inland Marine provides coverage for SAPD and SAFD mobile command units
  - *XL Specialty Insurance Company - \$40,766*

The offer for the Property coverage is for a three-year policy with a guaranteed rate. Airport Owners and Operators Liability, Aircraft Hull and Liability, and Inland Marine policies will have a three-year guaranteed rate, subject to favorable loss ratios on annual policies.

The Fine Arts policy provides for a two-year guaranteed rate on an annual policy, subject to favorable loss ratio. The offers for Medical Malpractice and Crime coverage are for annual policies with no rate guarantee. To ensure alignment of these policies on a three-year renewal cycle, firm estimates were provided by the Broker of Record.

## **BACKGROUND INFORMATION:**

March, 2017, the Office of Risk Management (ORM), in cooperation with the City's Broker of Record, SOGO Wealth and Risk Management/Wells Fargo Insurance Services (SOGO/WFIS), began gathering the information necessary to support an effective and timely renewal.

A Request for Quotes was published locally and over 28 insurance companies were contacted. Eight insurance companies submitted quotes for the policy renewals to SOGO/WFIS by July 21, 2017. The remaining 20 insurance companies declined to compete due to the City's current competitive rates, size of account and/or requested limits. On August 4, 2017, SOGO/WF provided ORM with policy analysis and recommendations for six insurance companies. The proposed renewals will continue to provide coverage for the City's assets and protection from liabilities through September 30, 2018.

## **ISSUE:**

Approval of payment to Homeland Insurance Company of New York, Commerce and Industry Insurance Company (AIG), National Union Fire Insurance Company of Pittsburg, AXA Art 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, 2018 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 based on the renewal of the City's existing policies; therefore, it is an exception to the Local Preference Program and the Veteran-Owned Small Business Preference Program.

**ALTERNATIVES:**

Should this contract not be approved, insurance coverage for the City's property and protection from potential liabilities will expire on September 30, 2017. After this date, damage or losses due to fire, theft, water, and medical negligence would be entirely at the City's expense, until such time that new insurance coverage could be obtained.

**FISCAL IMPACT:**

Funds in the amount of \$1,082,796.60 are included in the FY 2018 Proposed Budget for the payment of premiums for the first year of the contract.

**RECOMMENDATION:**

Staff recommends approval of these insurance renewals for the period of October 1, 2017 to September 30, 2018 at a total cost of \$1,082,796.60, with an option to renew the policies for up to two additional one-year periods, subject to and contingent upon funding by City Council. This contract is procured by means of Request for Quotes and the Contract Disclosure Form is attached.