



City of San Antonio

Agenda Memorandum

File Number:19-6401

Agenda Item Number: 33.

Agenda Date: 9/19/2019

In Control: City Council A Session

DEPARTMENT: Office of Risk Management

DEPARTMENT HEAD: Debra M. Ojo, MPA

COUNCIL DISTRICTS IMPACTED: City Wide

SUBJECT: Purchase of Commercial Insurance Policies

SUMMARY: This ordinance authorizes the City Manager or his designee to procure excess workers' compensation insurance and cyber liability insurance coverages for a one-year policy period, effective October 1, 2019. The estimated cost for all policies is \$822,233.00. The individual policy coverage and premiums are:

- Excess Workers' Compensation (Stop Loss) - financially protects the City from work-related injuries or illnesses that exceed a designated retention amount by capping paid losses arising out of a single catastrophic occurrence: (This insurance is recommended for catastrophic loss(es) that could involve multiple employees.)
 - Chubb Insurance
 - Premium - \$524,614
 - Deductible - \$3M
 - Limit - \$250M
- Cyber Liability Insurance covers financial losses resulting from data breaches or other cybercrimes:
 - AIG Insurance
 - Limit - \$10M
 - Deductible - \$500K
 - Premium - \$177,618

- Excess Cyber Liability Insurance responds to cyber losses exceeding \$10M:
 - AIG Insurance
 - Limit - \$10M
 - Deductible -\$10M
 - Premium - \$120,001

BACKGROUND INFORMATION:

June, 2019, the Office of Risk Management (ORM), in cooperation with the City's Broker of Record, SOGO Wealth and Risk Management/USI Insurance Services (SOGO/USI), began collecting data and completing applications for excess workers' compensation and cyber liability quotes.

August, 2019, SOGO/USI provided ORM with market quotes, policy analysis and recommendations. We received four responses for excess workers' compensation, six responses for cyber liability and five responses for excess cyber liability. SOGO/USI provided recommendations for policies with best terms, conditions and premium. The recommended policies will be effective October 1, 2019 - September 30, 2020.

ISSUE:

Approval of payment to Chubb Insurance and AIG Insurance for the recommended premiums would continue the Council's policy of providing insurance protection for the City's assets.

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 contract is an exception to the Local Preference Program. The Veteran-Owned Small Business Program does not apply to non-professional service contracts so no preference was applied to this contract.

ALTERNATIVES:

Should these policies not be approved, the City will be at financial risk for catastrophic work-related injuries and illnesses, as well as data breaches and cybercrime.

FISCAL IMPACT:

Ordinance approving the purchase of one year Commercial Insurance Policies for Excess Workers' Compensation Insurance and Cyber Liability Insurance at a total cost of \$822,233.00, appropriating funds in the amount of \$822,233.00 from the Liability Insurance Fund, and amending the FY 2020 Adopted Budget.

RECOMMENDATION:

Staff recommends approval of these insurance policies for the period of October 1, 2019 to September 30, 2020 at a total cost of \$822,233.