



# City of San Antonio

## Agenda Memorandum

**File Number:**20-3894

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**Agenda Item Number:** 27.

**Agenda Date:** 10/1/2020

**In Control:** City Council A Session

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**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 his designee to procure premiums for the City of San Antonio's commercial insurance policies identified below with total compensation not to exceed \$6,636,744, appropriate funds in the amount of \$1,209,620 from the Liability Insurance Fund, and amend the FY 2021 Adopted Budget. With the exception of the Property/Equipment policy, the term of these policies is effective from October 1, 2020 through September 30, 2021. The Property/ Equipment policy is changing renewal cycles; therefore this policy effective date would be October 1, 2020 thru July 1, 2022. The FY 2021 total cost of these Commercial Insurance Policies is \$4,312,567.50. Each policy recommendation offers policy terms, limits and conditions comparable to expiring policies with premiums based on current market trends. The policies, their coverage, and premiums are:

- ***Aircraft Hull and Liability*** covers SAPD helicopters and special equipment
  - *Old Republic Insurance Company - \$169,563*
- ***Airport Owners and Operators Liability*** offers protection against third-party claims on airport grounds
  - *Old Republic Insurance Company - \$60,876*
- ***Cyber Liability Insurance*** offers protection against cybercrimes
  - *Primary Layer - \$10M - AXIS Insurance Company - \$231,293*
  - *Secondary Layer - \$10M Excess of \$10M - Allied World Specialty Insurance - \$156,213*
- ***Excess Workers' Compensation*** (Stop Loss)
  - *Chubb Insurance - \$547,488*
- ***Property/Equipment Breakdown*** covers the City's facilities, boilers and machinery

- *APIP* -
  - 10/1/20 - 7/1/21 - \$2,317,809
  - 7/1/21 - 7/1/22 - \$3,098,902
- ***Terrorism and Sabotage*** for protection of city property and loss of income due to terrorism
  - *Ironshore Lloyds of London* - \$54,600

## **BACKGROUND INFORMATION:**

April 2020, 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 the application process by gathering the information necessary to support an effective and timely renewal. SOGO/USI began market surveys.

August 21, 2020, SOGO/USI provided ORM with market quotes, policy analysis and recommendations for consideration. A total of 48 markets were approached and 16 quotes were received. The recommended policies will be effective October 1, 2020, and will continue providing insurance protection for City assets and loss of income through September 30, 2021. Property insurance will provide protection through July 1, 2022.

## **ISSUE:**

Approval of payment to Old Republic Insurance Company, AXIS Insurance Company, Allied World Specialty Insurance, Chubb Insurance, APIP and Ironshore Lloyds of London 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, flood, would continue through July 1, 2022 and protection against catastrophic work-related injuries, cybercrime and even acts of terrorism would continue to be afforded through September 30, 2021 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 contract is an exception to the Local Preference Program. The Veteran-Owned Small Business Program does not apply to non-professional service contracts, therefore, no preference was applied to this contract.

## **ALTERNATIVES:**

Should this contract not be approved, insurance coverage for the City's property and protection from potential liabilities coverages will expire October 1, 2020. After this date, damage or losses due to fire, theft, water, catastrophic work-related injuries and illnesses, as well as data breaches and cybercrime would be entirely at the City's expense, until such time that new insurance coverage could be obtained.

## **FISCAL IMPACT:**

This ordinance authorizes the purchase of Commercial Insurance policies for Aircraft Hull and Liability; Airport Owners and Operators Liability; Cyber Insurance Liability; Excess Workers' Compensation; Property and Equipment Breakdown Liability; and Terrorism and Sabotage Liability with total compensation not to exceed \$6,636,744. With the exception of the Property/Equipment policy, the term of these policies is effective from October 1, 2020 through October 1, 2021. The Property/ Equipment policy is changing renewal cycles;

therefore this policy effective date would be October 1, 2020 thru July 1, 2022. The FY 2021 total cost of these Commercial Insurance policies is \$4,312,567.50. This ordinance amends the Liability Insurance Fund FY 2021 Adopted Budget by appropriating \$1,209,620 in additional funds, for a total cost of \$3,765,079.50 to be funded from the Liability Insurance Fund. Funding in the amount of \$547,488 is available in the Worker's Compensation Fund FY 2021 Adopted Budget for the Excess Workers' Compensation Insurance. Funding for subsequent years of these policies is subject to and contingent upon future City Council appropriations.

## **RECOMMENDATION:**

Staff recommends approval of this ordinance which includes:

- A property and equipment insurance policy for the period of October 1, 2020 through July 1, 2022, at a cost of \$3,092,534.50 in FY 2021 and a cost of \$2,324,176.50 in FY 2022 (contingent upon approval of the FY 2022 Budget)
- Insurance policies for Aircraft Hull and Liability, Airport Owners and Operators Liability, Cyber Liability Insurance, Excess Workers' Compensation (Stop Loss), and Terrorism and Sabotage Protection, for the period of October 1, 2020 through September 30, 2021, for a cost of \$1,220,033 in FY 2021.