

MEMORANDUM

Risk Management

DATE: February 16, 2017

TO: Dennis W. Beach, City Manager

FROM: Bobby Bush, Acting Human Resources Director and
Cindy Lawrence, Risk Manager *C. Lawrence* *B. Bush*

SUBJECT: Award of Bid L-22-17 Excess Insurance
Arthur J. Gallagher Risk Management Services, Inc.

Background:

In January of this year, the City requested bids for property insurance for all City buildings, boiler and machinery insurance and excess general liability, automobile, worker's compensation and public officials coverage. On February 9, 2017 bids received were opened and have been tabulated by the City's Purchasing Department and reviewed for bid compliance by a consulting group consisting of risk management professionals. Arthur J. Gallagher Risk Management Services, Inc. (AJG), the City's current agent, has provided the lowest responsive bid, meeting all bid requirements, providing for continuation of all current coverages. In addition, the City's municipal values increased 29.6%, with the added fire stations, pier garage and soon the cultural arts building and library. AJG's bid provides the City with a 17% rate reduction. AJG has provided excellent service to the City during the past ten (10) years.

Recommendation:

Accordingly, it is the recommendation of the Human Resources/Risk Management Department that the City Commission award Bid L-22-17 to Arthur J. Gallagher Risk Management Services, Inc., in accordance with the terms and conditions of the bid requirements, for an annual policy totaling \$918,287.00.

Thank you,

CL/
(lawcin/manager/agenda letter property 2017)

Bid L-22-17 – Excess Insurance
Summary of Program and Enhancements

Arthur J. Gallagher Risk Management Services, Inc., the City's current agent provided the lowest and single responsive bid. They have provided excellent service to the City for the past ten (10) years.

Property - Municipality

The incumbent carrier Lexington and two competitors Peleus and Everest provided proposals for the City's municipal property. Peleus is the most competitive and comprehensive program.

Values Increased 29.6%

Rate per \$100 of value decreased 17%

Premium increased 7.59%

Profit Sharing Agreement – 5% return of net premium is the City's loss ratio is less than 20%

Two Year rate guarantee

The limits provided are: \$25 Million Per Occurrence All Perils except; \$10 Million Per Occurrence for Named Storm

These limits are reasonable based on the City's exposures and the Hurricane Analysis.

Property - Utility

The incumbent insurer Ace American offered a competitive renewal with a reduction of premium.

ACE American provides loss control surveys that provide the City with valuable information to protect the City's utility operation.

Values remained flat

Premium decreased 10%

The limits provided are \$50 Million Per Occurrence for All Perils except; \$10 Million for Named Storm

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A separate Hurricane Analysis was provided and the limits proposed are reasonable to protect the City.

Boiler & Machinery

Travelers is proposing their EnergyMax 21 equipment breakdown policy that provides for coverage for equipment such as:

- Mechanical Equipment
- Electrical Equipment
- Boiler & Pressure Vessels
- Air Conditioning & Refrigeration Equipment
- Computer & Communications Systems

Values increased 29.6%

Premium increased 29.2%

Rate per \$100 of value remained flat

Excess Public Entity Liability (General Liability, Auto, W/C and Public Officials)

The incumbent carrier BRIT (Lloyd's) continues to provide a cost effective comprehensive program for the City that includes the following renewal features:

- Retentions for all Liability lines remained the same
- Premium remained flat
- Self- Administration of claim up to \$50,000
- Self-directed Risk Management LMS platform included at no additional cost

Excess Worker's Compensation

Safety National's proposal is more cost effective than the incumbent New York Marine and includes for following:

- Retention for Presumptive reduced from \$1,000,000 to \$750,000 (the Brit package includes coverage to reduce the retention form \$750,000 to \$500,000 after application of an aggregate deductible of \$250,000)
- Crisis Protection including at no cost with a \$50,000 annual benefit limit
- Premium decreased 4.67%

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Total Program Cost

\$918,287.00 represents an overall increase of \$3,405.00 over last year, but includes enhancements to the City's program.