



Legislation Text

File #: 18-0127, **Version:** 1

Consider and take action on a resolution authorizing the purchase of windstorm and hail property insurance from McGriff, Siebels & Williams of Texas, Inc. in an amount not to exceed \$518,963 (Director of Human Resources & Civil Service)

Approval of this item will authorize the City Manager to purchase windstorm and hail insurance for the City's property. The City's current policy was purchased through McGriff, Siebels & Williams (McGriff) for \$441,001 and expires April 6, 2018.

The current policy provides the following levels of coverage:

- \$60,000,000 commercial property coverage
- \$197,550,782 scheduled property
- 1% named storm deductible, capped at \$100,000, with a \$25,000 deductible for all other windstorm damages
- storm surge coverage up to \$10,000,000

In compliance with State bidding law, the City issued a Request for Proposal (RFP) through the City's Consultant, RWL Group. The property schedule was again updated to reflect all city property at a value of \$199,817,882 (less than 1% more than the current schedule).

The RFP requested coverage of the full value of all City property and options for a \$50 million and a \$60 million limit for a policy beginning April 6, 2018. Initial proposals were received from USI Southwest and the incumbent, McGriff. City staff met with both firms on February 22, 2018 to review their proposals. After meeting with each broker separately, the brokers were asked to provide the various requested revisions to only the \$60,000,000 per occurrence limit option. Given the City's loss history from Hurricane Harvey it was felt the current \$60,000,00 per occurrence limit was the correct limit of coverage.

Best and final offers were received on February 28, 2018 and evaluated by the City's consultant and staff. City staff is recommending the proposal from McGriff for approval. The cost of the policy is \$518,963 and would provide the following levels of coverage:

- \$60,000,000 commercial property coverage
- \$199,817,882 scheduled property
- 1% named storm deductible, capped at \$100,000, with a \$25,000 deductible for all other windstorm damages
- storm surge coverage up to \$10,000,000

The increase in premium is \$77,962 which represents an increase of 17.679% over last year. Given the state of the market following Hurricanes Harvey, Irma and Maria, and League City's own losses from Hurricane Harvey, an increase to approximately 25% was expected.

The FY2018 windstorm and hail insurance coverage was budgeted at \$463,050 and approval of this item is an additional \$55,913 which will be funded with savings from the implementation of the compensation study.

Attachments

1. Data Sheet

2. Proposed Resolution
3. RWL Recommendation

FUNDING

{X} Funds are available from General Fund non-departmental Insurance account 1650000-53330 (\$316,567); Utility fund non-departmental Insurance account 10201650-53330 (\$140,120); 4B M&O Insurance account 2310440-53330 (\$62,276)