

CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
OCTOBER 6, 2020 AGENDA

Subject:	Type:	Submitted By:
INSURANCE RENEWAL - PROPERTY, LIABILITY AND WORKERS COMPENSATION	RESOLUTION ORDINANCE ◆ RECEIVE/FILE	PAM BUETHE CITY CLERK

SYNOPSIS

A renewal has been negotiated for the property, liability and workers' compensation insurance program offered by Travelers at an annual premium cost of \$440,248.

FISCAL IMPACT

The FY21/FY22 General Fund Budget provides funding for property, liability and workers' compensation insurance premiums.

RECOMMENDATION

N/A

BACKGROUND

The City has had its property, liability and workers compensation insurance coverage with Traveler's since 2014. Each year our broker, currently the Harry A. Koch Co., works with us at renewal time to review coverage limits, deductibles, rates, etc. Over the years we have received very reasonable rate increases without significant changes in the plan from Travelers and consequently have continued our relationship with them.

This year we were informed by our broker that Traveler's was making significant changes in property deductibles for wind/hail damage. They advised us to explore other options. This advice came at the end of August and our policy renewal date is October 1st. Koch also informed us that other viable carriers that might quote on this coverage do not offer their own worker's compensation coverage so we would have to split the coverage program if we chose another carrier. We agreed to have our broker market the coverage.

Ultimately, two proposals were submitted, one from Travelers and another from One Beacon/BITCO. Travelers did make some adjustments to their wind/hail deductibles, however the One Beacon/BITCO premium quote was \$42,000. less overall.

Upon review of each of the line items associated with our coverage, it was discovered that One Beacon could not offer the Municipal Sales Tax Revenue coverage the City has with Travelers. This coverage would replace sales tax revenues up to \$1.9 million in the event a natural disaster left any of the businesses in Southport inoperable for a period of time. It was determined this revenue protection coverage is an important component of our insurance package that needed to be maintained. A decision was made to renew with Travelers.

Due to the fact that the coverage was marketed, and a lower quote was received this year, we wanted to make Council aware of the process and the reason for continuing our relationship with Travelers. We have received excellent service from Travelers over the years and have good working relationships with their representatives. Coverages will continue to be reviewed with our broker each year to ensure the best coverage possible for the City at the best premiums.

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