Management Committee
Meeting date: May 14, 2014

For the Metropolitan Council meeting of May 28, 2014

Subject: Authorization to renew Metropolitan Council Property Insurance
District(s), Member(s): All

Policy/Legal Reference:

Staff Prepared/Presented: Phil Walljasper, 651-602-1787

Division/Department: Regional Administration/Risk Management

Proposed Action
That the Metropolitan Council authorizes renewal of its property insurance, effective 6/1/14-6/1/15, in an amount not to exceed $1,485,000.

Background
The Metropolitan Council's Property Insurance provides coverage for physical damage to Council property (i.e. buildings, equipment, vehicles, etc), as well as expenses incurred while continuing operations after a physical loss. The current carrier is FM Global, who has been the Council's insurer for the past 13 years. The Council works very closely with FM's engineers in developing loss prevention strategies to minimize the risk of loss and business interruption.

To compare FM's proposal to other entities and what other insurance companies are offering, staff worked with our insurance broker to benchmark some key components of our insurance program. Specifically, the comparison was against 16 other similar properties and looked at rate, limits of insurance, deductibles, terrorism coverage, and flood exposure. This comparison showed that FM continues as the most advantageous for the Council, offering broad coverage, a reasonable deductible, with a very competitive rate. In fact, the rate has been trending down over the last few years and is currently 8.3% less than it was six years ago.

Rationale
Given the coverage, rate, and insurance limits, FM continues to offer a very competitive insurance program and staff recommends renewing with them in an amount not to exceed $1,485,000.

Funding
The premiums are allocated to the operating divisions, based upon the amount of respective values. This premium amount is budgeted as a part of the applicable operating budget within each division.

Known Support / Opposition
Not applicable