

## Management Committee

Meeting date: July 8, 2020

For the Metropolitan Council meeting of July 22, 2020

**Subject:** Council Property Insurance Contract Renewal

**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 to bind coverage of its property insurance with AXA XL effective 8/1/20-8/1/21, in an amount not to exceed \$3,070,000.

### Background

The Metropolitan Council's Property Insurance provides coverage for physical damage to Council property (e.g. buildings, equipment, vehicles, trains), as well as expenses incurred while continuing operations after a physical loss.

In 2018, Council staff, working with its insurance broker, fully marketed the Council's Property insurance, which also included Rail rolling stock. That process resulted in moving the insurance to AXA XL, who not only provided a very competitive quote, but also the necessary coverage and limits to appropriately protect the Council's property. Additionally, the quote included a 3-year rate guarantee, subject to certain loss provisions.

The Council has sustained losses this year that may trigger the subjectivity required for the rate guarantee. Given that, this business item contemplates a premium that would be subject to the rates of the current insurance market and not the rate guarantee. This year has proven to be very challenging for property insurance, with significant rate increases across many sectors, along with a reduction in available limits.

Council staff continues to quantify the damages related to claims and to negotiate with AXA XL potential impacts on the rate and premium.

### Rationale

Based on the above, it is recommended the Metropolitan Council approves renewing its property insurance with AXA XL in an amount not to exceed \$3,070,000.

### Thrive Lens Analysis

Authorization of binding property insurance with AXA XL supports the Thrive principles of Stewardship and Livability, by not only securing the insurance in the most cost effective manner, but also partnering with our insurance carrier to minimize a loss of our operations due to physical damage.

The Office of Equal Opportunity reviewed the scope of work with the Council's insurance broker placing the insurance, with no MCUB goal and no potential vendors identified.

**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