

## Management Committee

Meeting date: July 14, 2021

For the Metropolitan Council meeting of July 28, 2021

**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 effective 8/1/21-8/1/22, in an amount not to exceed \$3,650,000.

### 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.

For the past three years, the Council's property insurance has been with AXA XL with a flat rate guarantee. While the Council had no change in its rate during this time, the overall insurance market has hardened and become more challenging for buyers. Given this, the Council fully marketed the program. As expected, indications from the market are showing a significant rate increase. Negotiations are ongoing to ensure the appropriate coverage at the most affordable price.

### Rationale

This business item reflects an early pricing indication from insurance companies that would be able to provide the appropriate coverage. The Council continues discussions with the market and will report on the full insurance program structure at the Management Committee meeting.

### Thrive Lens Analysis

Authorization of binding property insurance following a full marketing effort 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.

### 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