

Management Committee

For the Metropolitan Council meeting of May 25, 2016

Subject: Approval to renew the Council's property insurance with FM Global

Proposed Action

That the Metropolitan Council authorizes renewal of its property insurance with FM Global, effective 6/1/16-6/1/17, in an amount not to exceed \$1,485,000.

Summary of Committee Discussion/Questions

Staff presented an overview of the coverage provided by the insurance policy, including the key aspects related to the Metropolitan Council. Staff then outlined the process used to solicit quotes from several different insurance companies, with the two most viable options from FM Global and AIG. After an analysis of the two options that included price and coverage, staff recommended renewing with FM Global, as their proposal was felt to be most advantageous to the Council.

Questions regarding deductible and insurance limits were asked by the Committee, which staff addressed accordingly.

A motion was made, which seconded, to renew with FM Global. Motion carried.

Management Committee

Meeting date: May 11, 2016

For the Metropolitan Council meeting of May 25, 2016

Subject: Authorization to renew 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 with FM Global, effective 6/1/16-6/1/17, 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 15 years. The Council works very closely with FM's engineers in developing loss prevention strategies to minimize the risk of loss and business interruption.

Working with the Council's broker, the property insurance program was marketed to several different insurance companies. Of those solicited, AIG and FM were able to provide the required coverage at the most competitive price. After comparing the two quotes, staff has determined that FM's proposal is the most advantageous to the Council. Not only was their pricing competitive, but they were able to provide the necessary limits and coverage enhancements.

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