

Management Committee

For the Metropolitan Council meeting of July 26, 2017

Subject: Council Property Insurance Contract Renewal

Proposed Action

That the Metropolitan Council authorizes renewal of its property insurance with FM Global, effective 8/1/17-8/1/18, in an amount not to exceed \$1,455,000.

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 presenting the results of a benchmarking process conducted by the Council's insurance broker, which showed that FM Global's quote as very competitive in its pricing and breadth of coverage.

The Committee asked about the last full marketing of the insurance policy, with staff indicating this occurred last year.

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

Management Committee

Meeting date: July 12, 2017

For the Metropolitan Council meeting of July 26, 2017

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 8/1/17-8/1/18, in an amount not to exceed \$1,455,000.

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 to continue operations after a physical loss. The current carrier is FM Global, who has been the Council's insurer for the past 17 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 with other entities, staff worked with the Council's insurance broker to benchmark some key components of the insurance program. Specifically, the comparison was against eight other entities, looking 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. By comparison, the Council's rate is approximately 17% lower than the group's average. Additionally, the Council had the highest limit of insurance, with one of the lowest deductibles.

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 \$1,455,000.

Thrive Lens Analysis

Authorization of the property insurance renewal with FM Global 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