

Management Committee

For the Metropolitan Council meeting of July 24, 2019

Subject: Council Property Insurance Contract Renewal

Proposed Action

That the Metropolitan Council authorizes to bind coverage of its property insurance with AXA XL effective 8/1/19-8/1/20, in an amount not to exceed \$2,470,000

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 reviewed the evaluation of AXA XL's quote and how it was benchmarked against the industry. Staff then presented the outcome of the evaluation was that AXA XL's quote provided the appropriate coverage at a competitive rate and produced a savings of 15%-20% compared to the industry.

The Committee asked questions about the benchmarking process, premium projections, and insurance coverage, which staff addressed accordingly.

Motion by Johnson and seconded by Gonzalez; motion carried

Management Committee

Meeting date: July 10, 2019

For the Metropolitan Council meeting of July 24, 2019

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 8/1/19-8/1/20, in an amount not to exceed \$2,470,000.

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.

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

While the AXA XL program provides a rate guarantee, staff and its insurance broker did benchmark the proposed renewal rate to other possible options in the industry. Given the hardening market with property insurance, it was clear that AXA XL's quote continues to be very competitive. In fact, it was estimated that absent the renewal rate, the Council would be looking at a 15%-20% rate increase.

The proposed renewal with AXA XL continues with the same broad coverage, flood limits, and on-site engineering that was negotiated as a part of last year's program.

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 \$2,470,000.

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