



City of Norman, OK

Municipal Building
Council Chambers
201 West Gray
Norman, OK 73069

Master

File Number: GID-2021-28

File ID: GID-2021-28 **Type:** Authorization for Purchase **Status:** Consent Item

Version: 1 **Reference:** Item 12 **In Control:** City Council

Department: Finance Department **Cost:** \$341,533.00 **File Created:** 10/19/2020

File Name: Purchase of Building and Contents Insurance **Final Action:**

Title: CONSIDERATION OF AUTHORIZATION FOR THE PURCHASE OF BUILDINGS AND CONTENTS INSURANCE FOR THE CITY OF NORMAN FROM AFFILIATED FM INSURANCE COMPANY IN THE AMOUNT OF \$341,533 FOR THE PERIOD OF DECEMBER 1, 2020, TO DECEMBER 1, 2021 AND BUDGET APPROPRIATION FROM THE RISK MANAGEMENT FUND BALANCE.

Notes: ACTION NEEDED: Motion to approve or reject authorization for the purchase of Buildings and Contents insurance in the amount of \$341,533 from Affiliated FM Insurance Company for the period of December 1, 2020, to December 1, 2021, and appropriate \$73,766 from the Risk Management Fund Balance (43-29000) to Liability and Property (43330104-44403).

ACTION TAKEN: _____

Agenda Date: 11/10/2020

Agenda Number: 12

Attachments: Quote from Affiliated FM

Project Manager: Clint Mercer, Chief Accountant

Entered by: clint.mercer@normanok.gov

Effective Date:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
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Text of Legislative File GID-2021-28

Body

BACKGROUND: The City of Norman self-insures against most risks (i.e., workers compensation, vehicle/equipment damage, employee health benefit claims, tort claims, etc.) but historically has purchased insurance to cover casualty losses to City buildings and contents (including electronic information technology/computer equipment). This insurance is purchased

in a blanket amount but is limited to agreed-upon values of independent buildings and contents, and is subject to a deductible.

In the past, the City of Norman bid out its buildings and contents insurance. However, several brokers expressed their frustration with this method as insurance underwriters will only work with the first insurance broker to contact them and the incumbent broker had already left “place markers” with most of the underwriters. In 2014 the City decided to pick a broker via a Request for Proposal process that would then bid and select the best buildings and contents insurance for the City. This is the method other cities in the metro use to select underwritten insurance products, including the City of Oklahoma City.

The City of Norman sent out Request for Proposal number 1314-49 on February 26, 2014 for insurance broker services. One broker responded, Arthur J. Gallagher & Co. (Gallagher). Gallagher is the incumbent broker the City has used for several years and has provided quality bids and rates in the past. Management has been pleased with their services.

DISCUSSION: Gallagher received one bid for the upcoming policy year of December 1, 2020 to December 1, 2021 from Affiliated FM with a premium of \$341,533. Affiliated FM is rated as A+ by A.M Best and is one of the largest property and casualty providers in the industry. The prior year premium was \$257,642. The blanket amount continues to increase as new Norman Forward (i.e., Norman Public Library, Central, etc.) and other projects are completed. The bidder also stated increased premiums due to concerns about civil unrest resulting in property damage. Also, according to Gallagher, the building insurance market has tightened significantly in the past year.

The FYE 2021 blanket amount of property covered increased to \$217,337,079 from \$199,664,292, an 8.9% increase.

The City budgeted \$267,767 in the Risk Management Fund, Liability and Property (Account Org 43330104, Object 44403) in Fiscal Year 2020-2021 to pay for building and contents insurance. An additional appropriation of \$73,766 is needed to award this policy.

RECOMMENDATION: Staff recommends insuring the City’s buildings and contents with Affiliated FM at a premium amount of \$341,533 for one year as it provides the lowest premium for coverage within acceptable deductible limits. In addition, staff requests an appropriation of \$73,766 from Risk Management Fund Balance (Account Org 43, Object 29000) to Liability and Property (Account Org 43330104, Object 44403) to cover this premium cost before beginning the new policy period.