



City of Norman, OK

Municipal Building
Council Chambers
201 West Gray
Norman, OK 73069

Master

File Number: GID-1819-23

File ID: GID-1819-23

Type: Authorization for Purchase

Status: Consent Item

Version: 1

Reference: Item 8

In Control: City Council

Department: Finance Department

Cost: \$154,248.00

File Created: 11/26/2018

File Name: Purchase of Buildings 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 \$154,248 FOR THE PERIOD OF DECEMBER 15, 2018, TO DECEMBER 15, 2019 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 \$154,248 from Affiliated FM Insurance Company for the period of December 15, 2018, to December 15, 2019 and appropriate \$9,249 from the Risk Management Fund Balance (043-0000-253.00-00) to Liability and Property (043-3004-415.44-03).

ACTION TAKEN: _____

Agenda Date: 12/11/2018

Agenda Number: 8

Attachments: Text File, City Of Norman, OK and Norman Utilities
Authority Pro-Rata ProposalA

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-1819-23

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 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 15, 2018 to December 1, 2019 from Affiliated FM with a premium of \$154,248. 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 \$137,634 plus an additional \$3,746 as new City buildings came online during the year. The blanket amount continues to increase as new Norman Forward and other projects are completed. This year's blanket amount coverage increased to \$143,118,578 from \$123,783,312.

The City budgeted \$154,000 in the Risk Management Fund, Liability and Property (account 043-3004-415.44-03) in Fiscal Year 2019 to pay for building and contents insurance. As noted above, the City had to pay an additional \$3,746 in premiums during the year for adding new buildings. Also, the City paid \$5,255 to extend the current policy an additional 15 days (from December 1 to December 15). As such, an additional appropriation of \$9,249 is needed to award this policy.

RECOMMENDATION: Staff recommends insuring the City's buildings and contents with Affiliated FM at a premium amount of \$154,248 for one year as it provides the lowest premium for coverage within acceptable deductible limits. In addition, staff requests an appropriation of \$9,249 from Risk Management Fund Balance (account number 043-0000-253.00-00) to Liability and Property (account number 043-3004-415.44-03) to cover this premium cost.