



# City of Norman, OK

Municipal Building  
Council Chambers  
201 West Gray  
Norman, OK 73069

## Master

**File Number: GID-1718-17**

**File ID:** GID-1718-17      **Type:** Authorization for Purchase      **Status:** Consent Item

**Version:** 1      **Reference:** Item 10      **In Control:** City Council

**Department:** Finance Department      **Cost:** \$137,634.00      **File Created:** 11/14/2017

**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 IN THE AMOUNT OF \$137,634 FOR THE PERIOD OF DECEMBER 1, 2017, TO DECEMBER 1, 2018.

**Notes:** ACTION NEEDED: Motion to approve or reject authorization for the purchase of buildings and contents insurance for the City of Norman from Affiliated FM in the amount of \$137,634 for the period of December 1, 2017, to December 1, 2018.

ACTION TAKEN: \_\_\_\_\_

**Agenda Date:** 11/28/2017

**Agenda Number:** 10

**Attachments:** Gallagher Proposal

**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:
---------------	--------------	-------	---------	----------	-----------	-----------------	---------

### Text of Legislative File GID-1718-17

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 that contacts 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 metropolitan area, including the City of Oklahoma, use to select insurance products.

The City of Norman sent out Request for Proposal RFP-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:** In the prior year, Affiliated FM (our incumbent underwriter) bid using rates that were guaranteed for two years. As such, Gallagher felt our best option this year is to continue coverage with Affiliated FM given the extremely costly hurricane season the United States experienced these past few months.

The City did have an increase in values during the current year due to the addition of new properties and will continue to do so over the next several years via projects funded by the Norman Forward and Public Safety Sales Tax). As such, the proposed premium is \$137,634. The prior year premium was \$127,359.

Affiliated FM is rated as A+ by A.M Best and is one of the largest property and casualty providers in the industry.

The City budgeted \$140,000 in the Risk Management Fund, Liability and Property (account 043-3004-415.44-03) in Fiscal Year 2018 to pay for building and contents insurance.

**RECOMMENDATION:** Staff recommends insuring the City's buildings and contents with Affiliated FM at a premium amount of \$137,634 for one year coverage.