



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 10/04/2017

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Item Creation Date: 9/27/2017

ARA-General Property Insurance Reinstatement of Flood Limits

Background:

The Administration & Regulatory Affairs Department recommends that City Council: (1) approve the proposed amendment to the Current General Property Insurance Program to reinstate additional Flood Limits to the General Property Insurance policies, with a premium cost of \$9,674,025, as recommended by the City's Insurance Broker of Record, McGriff, Seibels & Williams of Texas, Inc. ("McGriff"); and (2) accept the individual proposals from the insurance carriers listed below that are participating in the layered Flood Limit Insurance reinstatement recommended by McGriff.

The City currently has a multi-layered commercial property policy approved by City Council on March 22, 2017 for the policy period of April 1, 2017 to April 1, 2018. The City's property insurance is provided by eighteen (18) separate insurance carriers, as no single company can provide insurance coverage for the City's property risk. The total Loss Limit is \$175,000,000, with an included Flood sublimit of \$100,000,000.

Based upon estimated insured damages resulting from Hurricane Harvey reported to date, the City will exhaust the \$100,000,000 Flood Limit under the City's General Property Insurance policy, resulting in the City's having no flood coverage for the remainder of the policy period. A reinstatement of Flood insurance on the City's General Property Insurance policy is recommended to ensure the City has flood insurance coverage should another flood event occur during the remainder of the policy year ending April 1, 2018.

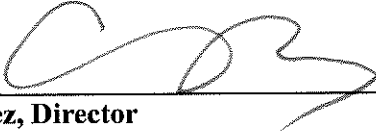
McGriff solicited proposals from the domestic and international insurance carriers currently providing insurance on the City's General Property Insurance policy. The carriers listed below agreed to reinstate the City's flood limits with the same policy terms and conditions. No individual carrier offered to provide the requested limit. Terms of the proposed reinstatement of Flood Limits are:

- Term: October 4, 2017 to April 1, 2018
- Insurance Carriers: Arch Specialty Insurance Company; Axis Surplus Insurance Company; Chubb Custom Insurance Company; General Security Indemnity Company of Arizona; Endurance American Specialty Insurance Company; Evanston Insurance Company; Interstate Fire & Casualty Company; Lexington Insurance Company; Rockhill Insurance Company; RSUI Indemnity Company; Starr Surplus Lines Insurance Company; Tokio Marine American Insurance Company; Underwriters at Lloyds; United Specialty Insurance Company; and Westport Insurance Corporation.
- Total Premium Cost: \$9,674,025
- Insured Property Value: \$10,514,746,067 (Replacement Cost Basis)
- Insured Revenue Stream: \$462,549,977 (Actual Loss Sustained Basis)
- Total Insured Value: \$10,977,296,044
- Type of Coverage: Flood for buildings and contents, as well as Business Interruption coverage at scheduled Houston Airport System, Houston First Corporation leased facilities, and General Services Department locations.
- Deductibles: 3% of values for flood at any location from a named storm, subject to a \$2,500,000 minimum and \$15,000,000 maximum.

- Flood Loss Limit: \$100,000,000 which may be applied fully to Flood Zone A (100-year flood plain) facilities.

The proposed coverage is structured to meet the City's regulatory obligations.

Departmental Approval Authority:



**Tina Paez, Director
Administration & Regulatory
Affairs Department**

Other Authorization

Prior Council Action:

3-22-17; Ordinance No. 2017-200

Amount of Funding:

Flood Reinstatement Premium \$9,674,025 – Property and Casualty Fund 1004

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