



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 3/19/2019

ALL

Item Creation Date: 2/27/2019

ARA-Terrorism Insurance Renewal 2019

Agenda Item#: 54.

Background:

The Administration & Regulatory Affairs Department recommends that Council: (1) approve the proposed Terrorism insurance policy for all scheduled City of Houston locations, including the City of Houston properties leased and managed by the Houston First Corporation ("HFC"); and (2) accept the proposal from Underwriters at Lloyds for Terrorism coverage, providing a \$250M aggregate loss limit (including \$25M sub-limit for nuclear, chemical, biological and biochemical coverage), with a \$500,000 deductible on all claims (except a 48-hour waiting period deductible on business interruption). The recommended funding of \$495,307 includes the policy premium of \$489,932 and \$5,375 as contingency for properties added during the policy year. The policy period is April 1, 2019 to April 1, 2020.

A Request for Proposals (RFP) for General Property Insurance was issued and advertised on December 21, 2018 and December 28, 2018. A proposal for Terrorism coverage was presented as an option in the General Property Insurance RFP. The City's Insurance Broker of Record, McGriff, Seibels & Williams of Texas, Inc., solicited proposals from 7 domestic and international insurance carriers; only the Underwriters at Lloyds submitted a proposal for the terrorism coverage.

The proposed policy terms and conditions are the same as the current terrorism policy, at a slightly lower premium for this renewal year. The loss limit remains at \$250M with a deductible of \$500,000. Coverage also includes Business Interruption for loss of the insured revenue stream at scheduled Houston Airport System and General Services Department locations, as well as City of Houston properties leased and managed by HFC. The insured value of scheduled facilities, including Business Interruption, is \$11,459,812,608. The proposed annual premium of \$495,307 represents a savings of \$13,737 in premium over the current policy.

The proposed Terrorism coverage applies to damaged City of Houston owned property resulting from both, foreign and domestic, terrorist acts as part of an effort to coerce the civilian population of the United States, influence the policy of, or affect the conduct of the United States government by coercion. Terrorism also includes any act, which is certified or recognized by the United States Government as an act of Terrorism.

Fiscal Note:

Funding for this item is included in the FY19 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

Departmental Approval Authority:

DocuSigned by:

Tina Paez

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Tina Paez, Director

Other Authorization

Administration & Regulatory
Affairs Department

Prior Council Action:

3-21-18; Ordinance No. 2018-211

Amount of Funding:

\$ 489,932.00 Policy Premium

\$ 5,375.00 Contingency Premium

\$ 495,307.00 Total Proposed Premium

Property / Casualty Fund: 1004

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