



## CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 3/19/2019

ALL

Item Creation Date: 3/1/2019

ARA-General Property Insurance Renewal 2019 - Houston First Corporation

Agenda Item#: 14.

### **Background:**

The Administration & Regulatory Affairs Department recommends that Council: (1) approve the proposed General Property Insurance policy recommended by the City's Insurance Broker of Record, McGriff, Seibels & Williams of Texas, Inc. ("McGriff") for City of Houston properties leased and managed by the Houston First Corporation ("HFC"), excluding the George R. Brown Convention Center ("GRB") and (2) accept the individual proposals from the insurance carriers listed below that are participating in the proposed Houston First Corporation Property Insurance program recommended by McGriff.

The details regarding the solicitation, the City's Property Insurance program, and the proposed renewal were presented to City Council's Budget and Fiscal Affairs Committee on March 5, 2019. The proposed purchase includes an insurance policy for the City of Houston owned properties leased and managed by HFC, excluding the GRB.

A Request for Proposal (RFP) for General Property Insurance, including an optional request for separate coverage for the City of Houston properties leased and managed by HFC, was issued and advertised on December 21, 2018 and December 28, 2018 for coverage, effective April 1, 2019. McGriff solicited proposals from 51 domestic and international insurance carriers. Of those carriers solicited, 23 submitted proposals for COH-owned properties managed and leased by HFC.

The total premium for the HFC leased and managed properties, excluding the GRB is \$2,562,056.00. HFC will fund the proposed Property Insurance premium; no City of Houston funds are requested for this premium.

No individual insurance company submitted a proposal to provide coverage for the whole package; thus, McGriff structured a multi-layered Property Insurance policy consisting of a primary layer plus four excess layers. Terms of the proposed HFC General Property Insurance policy, excluding the GRB are:

### **HFC Leased Properties, excluding GRB**

- **Term:** April 1, 2019 to April 1, 2020
- **Insurance Carriers:** Westchester Fire Insurance Company; Endurance American Specialty Insurance Company; Ironshore Specialty Insurance Company; Lexington Insurance Company; Starr Surplus Lines Insurance Company; Independent Specialty Insurance Company; Interstate Fire & Casualty Company; Underwriters at Lloyds; RSUI Indemnity Company; Arch Specialty Insurance Company; Great Lakes Insurance SE; AXIS Surplus Insurance Company; The Princeton Excess and Surplus Lines Insurance Company; Maxum Indemnity Company; James River Insurance Company; QBE Specialty Insurance Company; General Security Indemnity Company of Arizona; Starstone Specialty Insurance Company; National Fire & Marine Insurance Company; First Specialty Insurance Corporation; Colony Insurance Company; Everest Indemnity Insurance Company; and Evanston Insurance Company.
- **Total Premium Cost:** \$2,562,056.00
- **Rate:** \$0.596 per \$100 of insured property value
- **Insured Property Value:** \$417,682,644 (Replacement Cost Basis)
- **Insured Revenue Stream:** \$12,148,047 (Actual Loss Sustained Basis)
- **Total Insured Value:** \$429,830,691
- **Type of Coverage:** All Risk Coverage (excluding terrorism coverage), which includes flood and earthquake for buildings and contents, as well as Business Interruption coverage at scheduled HFC leased properties
- **Deductibles:** \$500,000 per occurrence, except (1) 2% of values for flood at any location from a named storm, subject to a \$500,000 minimum and \$7,500,000 maximum, (2) 2% of values for windstorm losses from a named storm, subject to a \$500,000 minimum and \$7,500,000 maximum.
- **Loss Limits:** \$300,000,000
- **Named Storm Limits:** \$300,000,000
- **Flood Loss Limit:** \$100,000,000; which may apply fully to Flood Zone A (100-year flood plain).

### **Departmental Approval Authority:**

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Tina Paez

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

**Other Authorization**

**Prior Council Action:**

3-21-18; Ordinance No. 2018-210

**Amount of Funding:**

Houston First Corporation

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**ATTACHMENTS:**

**Description**

3.1.2019 HFC Property Insurance Attachment.docx

**Type**

Backup Material