

## STAFF REPORT

---

**Date:** April 12, 2023

**To:** Mayor and City Council

**Thru:** Doug Thornley, City Manager

**Subject:** Staff Report (For Possible Action): Approval to realign the property insurance renewal cycle to September 30 of each year by extending the current cycle three months in the amount of \$357,525.89. (Risk Fund)

**From:** Adria White, Risk Manager

**Department:** City Manager's Office – HR

---

**Summary:**

To achieve the realignment of the City's property insurance cycle to September 30, 2023, the Risk Management Division is bringing forward an agenda item for Council's approval of the cost to extend the City's current property insurance from June 30, 2023, to September 30, 2023, for a cost of \$357,525.89. This will be paid for through the Risk Management fund and has been vetted with Finance. The cost of this extension has been secured at the City's current premium rates by the City's broker, AON.

**Alignment with Strategic Plan:**

Fiscal Sustainability

Public Safety

**Previous Council Action:**

There is no recent Council action relevant to this item.

**Background:**

Currently the City's property insurance expiration date is June 30 of each year. Approval of this action will adjust the annual property insurance renewal cycle to align with the renewal cycle for the City's other insurance programs. The City's other insurance programs - auto liability, crime, excess pilot, excess vehicle, excess workers' compensation, general liability, law enforcement, public official's coverage, and watercraft - had their expiration date changed to September 30 during the renewal period in 2022. The City's property insurance was not included at that time as insurance carriers were unwilling to extend the expiration date.

**Discussion:**

The Risk Management Division initiates the policy renewal three months prior to the policy expiration, standard operating practice for property insurance carrier's is to provide rate quotes between 15-60 days, subject to complications in the underwriting process, prior to the expiration of the current policy. This standard operating practice presents significant challenges for the Risk Management Division due to the City's current policy expiration date of June 30 and the Council meeting schedule during that time of year. This challenge affects the Risk Management Division's ability to obtain quotes and agendaize property insurance renewals for Council approval in a timely manner.

By approving this extension to the City's current property insurance from June 30 to September 30, the annual property insurance renewal cycle will be moved to a September 30 expiration date moving forward, which is consistent with the renewal cycle of the City's other insurance programs, and enhances the ability of the Risk Management Division to facilitate the timely renewal of the City's property insurance.

In addition to the enhancements to operational effectiveness and efficiency, this extension to September 30 presently benefits the City as the extension is based upon the City's current market rates.

**Financial Implications:**

The extension would not exceed \$357,525.89 and would be funded with the Risk Fund.

**Legal Implications:**

Amounts of insurance coverage and coverage limits are a policy decision, however, it is recommended that the City maintain property insurance coverage.

**Recommendation:**

Staff recommends Council approve the property insurance extension to realign expiration to September 30 of each year in order to streamline operational effectiveness.

**Proposed Motion:**

I move to approve staff recommendation.