

Memorandum



CITY OF DALLAS

DATE February 18, 2010

TO Members of the Budget, Finance & Audit Committee:
Jerry R. Allen, Chair, Ann Margolin, Vice-Chair, Vonciel Jones Hill, Angela Hunt, Delia D. Jasso, Ron Natinsky, David A. Neumann

SUBJECT City of Dallas Property and Liability Insurance Overview

The Budget, Finance & Audit Committee's February 22, 2010 agenda includes the Subject briefing. David Etheridge, Director, and Debra Johnson, Assistant Director of Human Resources Department will brief the Committee.

Should you require additional information, please let me know.

A handwritten signature in black ink, appearing to read 'Mary K. Suhm'.

Mary K. Suhm
City Manager

Attachment

C: Honorable Mayor & Members of the City Council
Deborah A. Watkins, City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor
Ryan S. Evans, First Assistant City Manager
A. C. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
David K. Cook, Chief Financial Officer



City of Dallas Property and Liability Insurance Overview

Budget, Finance and Audit Committee
February 22, 2010

Purpose

- Follow up on previous City's Property and Liability Insurance Program Briefing
 - Lines of Coverage Provided
 - Wells Fargo Insurance Services (Broker Services)

As a reminder -

- The City self-insures (pays directly for its losses in lieu of purchasing a traditional insurance policy) for claims and lawsuits, such as:
 - Personal Injury
 - Third-party Property Damage (losses to others)
 - Employers Liability / Title VII Claims
 - Contractual Liability



Lines of Coverage

- Property (City buildings, structures and contents)
- Crime
- Fine Arts
- Aviation
- General Liability

Explanation of Coverage

- Property: City buildings, structures and contents
 - All risk of direct physical loss or damage including flood, earthquake and equipment breakdown/boiler & machinery
 - The City's insured property valued is \$3,418,377,544
- Crime
 - Forgery or alteration
 - Theft, disappearance and destruction inside City premises
 - Losses outside City premises while in the care and custody of a messenger
 - Computer fraud
 - Employee dishonesty

Explanation of Coverage

- Fine Arts
 - Rare books, paintings, sculptures, pictures, collections
 - Loaned items (to include packing and transporting)
 - Video art work
- Aviation
 - Physical damage to hull of helicopters
 - Bodily injury and property damage to citizens as caused by use of helicopters
- General Liability: IBM Parking Garage
 - Coverage to citizens for bodily injury and/or property damage caused by City operations at IBM Parking Garage (as required by IBM lease agreement)

Wells Fargo Insurance Services - Broker Services

- In 2007, the City awarded a thirty-six month contract to Wells Fargo Insurance Services (WFIS), previously Wachovia Insurance, for broker services to include:
 - Developing property insurance program structure
 - Conducting market surveys
 - Making recommendations on coverage, limits and deductibles
 - Reviewing policies
 - Assisting with claims

Cost Avoidance on Premium

- Annually, Wells Fargo negotiates on the City's behalf for the best renewal rate
- Cost Avoidance Results
 - Despite an increase in City property values by 5.47%
 - Premium reduction of 7%
 - Renewal Rate reduction of 12%

	FY 08-09	FY 09-10	Reductions
Total Insured Values	3,241,169,760	3,418,377,544	-5.47%
Renewal Rate	0.0571	0.0502	12.12%
Premium	1,851,435	1,716,026	7.31%

Next Step

- RFSCP for Broker Services
 - Council Agenda: August 25, 2010
 - Effective Date: October 1, 2010