

CONSENT AGENDA
ITEM NO. 48

**CITY OF SAN ANTONIO
OFFICE OF MANAGEMENT AND BUDGET
INTERDEPARTMENTAL CORRESPONDENCE**

TO: Mayor and City Council

FROM: Louis A. Lendman, Director of Management and Budget

THROUGH Terry M. Brechtel, City Manager

COPIES TO: Milo Nitschke, Director of Finance; Erik Walsh, Assistant to the City
Manager; Michael Rich, Risk Manager; File

SUBJECT: Excess Liability and Excess Workers' Compensation Insurance

DATE: December 18, 2003

SUMMARY AND RECOMMENDATIONS

This Ordinance authorizes the City Manager or her designee to purchase Excess Liability and Excess Workers' Compensation Insurance, as a package policy, for the City of San Antonio from State National Insurance Company, through McGriff, Seibels and Williams of Texas, Inc., the City's Broker of Record. The policy coverage is for a one-year period beginning December 31, 2003 and expiring on December 31, 2004 for \$630,000 annual premium. This policy is not subject to premium audit and, therefore, is at a fixed cost for the policy period.

Staff recommends approval of this ordinance.

BACKGROUND

Excess Liability Insurance provides coverage to the City for covered claims involving commercial general liability, automobile liability, incidental medical malpractice, personal injury, police and professional liability and employee benefits liability insurance. Excess Workers' Compensation Insurance provides protection to the City from catastrophic claims resulting from occupational injuries, illnesses, or diseases.

A Request For Proposal was published in the local newspaper on October 19 and October 26, 2003. The City's Broker of Record also began marketing activities for this renewal coverage in September, 2003. Only two companies provided quotes. Of the two companies providing quotes only one offered the desired coverages with competitive pricing and without the necessity of auditing final payroll figures and the probability of additional premium being due for this December 31, 2003-2004 policy period. The two companies providing quotes were State National Insurance Company and AIG. Both State National Insurance Company and

AIG were able to meet the \$4,500,000 limit excess of the City's \$500,000 self-retention, and both provided a single package policy. There was a substantial difference, however, in premium. The best quote for the package policy came from State National Insurance Company at a premium, not subject to audit, of \$630,000.00. AIG's quoted premium was \$900,000.00 and was subject to audit adjustment based on final payroll figures. McGriff, Seibels & Williams of Texas, Inc. recommends placing coverage with State National Insurance Company.

The Risk Management Division concurs with their recommendation.

POLICY ANALYSIS

The City Council has previously authorized the purchase of Excess Liability and Excess Workers' Compensation Insurance for many years. Last year, the purchase of coverage cost the City a total of \$649,750.00 and such purchase had been authorized by Ordinance No. 96935, passed and approved on December 19, 2002. The premium rate per \$100 of payroll is the same amount (\$0.0557) as last year. The City's deductible under this policy is \$500,000 per loss event.

As above stated, McGriff, Seibels & Williams of Texas, Inc., the City's Broker of Record, recommends placing the Excess Liability and Excess Workers' Compensation coverages with State National Insurance Company at the existing limits and deductibles. This Ordinance will approve the continuance of this insurance protection.

FISCAL IMPACT

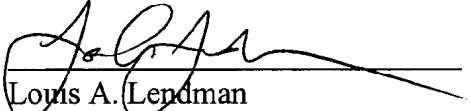
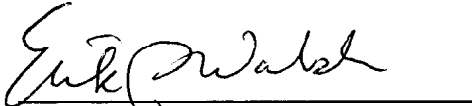
Sufficient funds are set aside in both the Liability Self-Insurance Fund 75 and in the Workers' Compensation Self-Insurance Fund 75. The package premium is divided between the two funds as shown on the Request for Ordinance. This Ordinance will authorize the encumbrance of \$630,000 in FY 03-04 budget.

COORDINATION

The Office of Management & Budget has coordinated this item with the City Attorney's Office and Finance Department.

SUPPLEMENTAL COMMENTS

The Discretionary Contracts Disclosure Form is attached.


Louis A. Lendman
Director of Management and Budget
Erik Walsh
Assistant to the City Manager

Attachment

received at: 12:53PM, 12/12/2003

002/003

12/12/2003 13:53 FAX

City of San Antonio Discretionary Contracts Disclosure

For use of this form, see City of San Antonio Ethics Code, Part D, Section 1.62

Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the city in the enforcement of provisions contained in the City Charter and the code of ethics, an individual or business entity seeking a discretionary contract from the city is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any individual who would be a party to the discretionary contract;

N/A

(2) the identity of any business entity that would be a party to the discretionary contract and the name of:

(A) any individual or business entity that would be a subcontractor on the discretionary contract;

Resurgens Specialty Underwriting, Inc.

(B) any individual or business entity that is known to be a partner, or a parent or subsidiary business entity, of any individual or business entity who would be a party to the discretionary contract;

N/A

(3) the identity of any lobbyist or public relations firm employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

N/A

Political Contributions

Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any member of City Council, or to any political action committee that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, or registered lobbyists of the entity.

N/A

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City of San Antonio
Discretionary Contracts Disclosure

For use of this form, see City of San Antonio Ethics Code, Part D, Section 1.42

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question as to whether any city official would violate Section 1 of Part B by participating in official action relating to the discretionary contract.

N/A

Signature

Bill A. Law

Date:

12-11-2003