

CONSENT AGENDA
ITEM NO. 41

**CITY OF SAN ANTONIO
HUMAN RESOURCES DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Mayor and City Council

FROM: Sharon De La Garza, Director, Human Resources Department

SUBJECT: Request to Purchase Excess General Liability/Excess Workers' Compensation Insurance Coverage

DATE: December 9, 2004

SUMMARY AND RECOMMENDATION

This Ordinance authorizes the Interim City Manager or his designee to purchase Excess General Liability and Excess Workers' Compensation Insurance, as a package policy, for the City of San Antonio with 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, 2004 and ending December 31, 2005 at an annual premium cost of \$661,500. The policy may be renewed and extended beyond the date above at the existing limits and deductibles for two (2) additional one (1) year periods, subject to and contingent upon funding by the City Council. State National has offered a three year guaranteed rate, which means that for the next two years the same rate will be applied to each \$100 of payroll expense.

Staff recommends approval of this ordinance.

BACKGROUND INFORMATION

Excess General Liability Insurance provides coverage to the City for bodily injury or property damage claims which exceed the City's self-insured retention of \$500,000 arising from some act or omission of an act in which the City breached some duty for which the City is held "liable". The cost of defending said claims are covered by the policy.

Liability resulting from the operation of mobile equipment or any auto is also included under the policy as well as workers' compensation payments in excess of the City's \$500,000 per claim deductible for employee injury or illness/occupational disease. In the case of excess workers' compensation coverage, there is no requirement that the City must be "legally liable" since workers' compensation limits are statutory and not based upon "fault".

The excess policy also includes a Personal Injury Liability Coverage Part applicable to police and peace officers only. Personal injury liability includes such occurrences as false arrest, false detention or false imprisonment, malicious prosecution; the publication or utterance of a libel

or slander or of other defamatory material, or a publication or utterance in violation of an individual's right or privacy. Personal injury includes wrongful entry or eviction, other invasion of the right of private occupancy, and erroneous service of civil papers, false imprisonment, or assault and battery.

Another coverage part provides employee benefits liability coverage, which states that the insurer will pay those sums that the City becomes legally obligated to pay as damages, subject to specified exclusions, because of any negligent act, error, or omission of the insured committed in the "administration" of the City's employee benefit program during the policy period.

A Request for Proposals advertisement was published in the San Antonio Express News on October 24, 2004. The City's Broker of Record also began marketing activities for this renewal coverage in September 2004. For this renewal, only one quote was received that met our desired coverages and limits. Several other carriers declined to quote due to market and underwriting conditions and inability to be price competitive. McGriff, Seibels & Williams of Texas, Inc. recommends placing coverage with State National Insurance Company and taking advantage of their three-year guaranteed rate.

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 \$630,000.00 and such purchase had been authorized by Ordinance No. 98598, passed and approved on December 18, 2003. Currently there is no increase or decrease in the premium rate of \$00.0557 per \$100 of payroll compared with last year. However, due to increased payrolls, the annual premium is \$661,500, which represents a slight increase from last year.

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, and lock in rates for the next two years.

FISCAL IMPACT


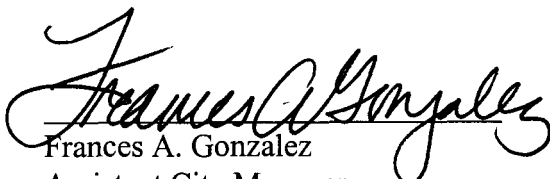

Sufficient funds are already appropriated in both the Liability and Workers' Compensation Self-Insurance Funds. The package premium is divided between the two funds as shown on the Request for Ordinance. This Ordinance will authorize the encumbrance of \$661,500 in the FY 04-05 budget, as well as authorize two (2) one-year extensions of coverage, subject to adequate budgetary funding.

COORDINATION

The Department of Human Resources has coordinated this item with the City Attorney's Office and the Finance Department.

SUPPLEMENTAL COMMENTS

The required Ethics Disclosure Statement is attached.


Sharon De La Garza
Human Resources Director
Frances A. Gonzalez
Assistant City Manager
J. Rolando Bono
Interim City Manager

Attachment

State National
Excess GL/WC

City of San Antonio
Discretionary Contracts Disclosure
For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2

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;

NONE

(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;

MEADOWBROOK INSURANCE GROUP

(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.

NONE

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.

NONE

City of San Antonio
Discretionary Contracts Disclosure:
For use of this form, see City of San Antonio Ethics Code, Part D, Section 1 & 2

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood², 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.

None	
Signature: 	Date: 12/3/04

ATTACHMENT
#41

City of San Antonio
Discretionary Contracts Disclosure*

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2

Attach additional sheets if space provided is not sufficient.

State "Not Applicable" for questions that do not apply.

* This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.

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:

Not Applicable

(2) the identity of any **business entity**¹ that would be a party to the discretionary contract:

United HealthCare Services, Inc. and real property owner and lessor TODAY UNIVERSITY PARK
TECH CENTER III, L.P.

and the name of:

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

Not Applicable

and the name of:

(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;

UnitedHealth Group, Incorporated – parent company for United HealthCare Services, Inc.

¹ A *business entity* means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

- (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.

Not Applicable


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 *current* or *former member* of City Council, any *candidate* for 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 individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:
Not Applicable		

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 question² as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

Not Applicable		
Signature:  Beth Leaf	Title: Vice President Company: United HealthCare Services, Inc.	Date: 12/2/04

² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.