

**M** Management Committee  
For the Metropolitan Council meeting of April 13, 2011

**ADVISORY INFORMATION**

**Date Prepared:** April 26, 2011

**Subject:** Authorization to renew the Metropolitan Council's Property Insurance

**Proposed Action:**

That the Metropolitan Council authorizes renewal of its property insurance, effective 5/1/11-5/1/12, in an amount not to exceed \$1,100,000

**Summary of Committee Discussion / Questions:**

Staff first reported that the actual "not to exceed" amount was actually lower than the \$1,300,000 that was indicated in the mailing of the business item the prior week. The new amount, \$1,100,000, was the result of ongoing negotiations with the insurance companies.

After presenting the basic features of Property Insurance coverage, staff outlined the procurement process for this renewal. Working with the Council's insurance broker, eleven different insurance companies were asked to provide quotes. Based upon review of the various quotes, staff identified FM Global, the Council's current insurance company, as being most advantageous to the Council. FM Global's proposal not only offered the broadest coverage, but also the lowest premium.

A motion was made to approve renewing with FM Global, in an amount not to exceed \$1,100,000, which was seconded. Motion carried.

# M Management Committee

**Business Item**

Item: 2011-100

Meeting date: April 13, 2011

ADVISORY INFORMATION	
<b>Date:</b>	April 5, 2011
<b>Subject:</b>	Authorization to renew the Metropolitan Council's Property Insurance
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	
<b>Staff Prepared/Presented:</b>	Phil Walljasper, 651-602-1787
<b>Division/Department:</b>	Regional Administration/Risk Management

## Proposed Action

That the Metropolitan Council authorizes renewal of its property insurance, effective 5/1/11-5/1/12, in an amount not to exceed \$1,100,000.

## Background

The Metropolitan Council's Property Insurance provides coverage for physical damage to Council property (i.e. buildings, equipment, vehicles, etc), as well as expenses incurred while continuing operations after a physical loss. The current carrier is FM Global, who has been the Council's insurer for the past ten years. While there continued to be a strong partnership with FM, it was prudent to solicit quotes from other insurance companies, given the overall insurance market conditions and other factors.

At the time of this mailing, negotiations are still continuing with three different insurance companies: FM Global, Chartis and CNA. Staff will present the final recommendation at the Management Committee. This recommendation will be based on not only price, but also insurance coverage.

## Rationale

The quotes offered by insurance companies are typically received no sooner than 30 days before the effective date of the policy. Continuing with the negotiations allows adequate time to fully analyze the pricing and coverage offered by the three companies and to ensure the recommendation by staff is the most advantageous to the Council.

## Funding

The premiums are allocated to the operating divisions, based upon the amount of respective values. This premium amount is budgeted as a part of the applicable operating budget within each division.

## Known Support / Opposition

Not applicable